



THE

May, 1960

Credit Union

The big issue again
—page 1

Why are they delinquent?
—page 4

Bridge

OFFICIAL PUBLICATION OF THE CREDIT UNION NATIONAL ASSOCIATION, INC.

ON THE COVER

Loan officer at the Weyerhaeuser-Klamath credit union is L. A. Wirth, gate guard and radio operator. He lost his legs in a train accident, but takes a strategic spot in the credit union's operations. (See story, page 12.)



The Credit Union

Bridge

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COMING SOON

Baptist group gains ground

The morale of volunteers

ANOTHER VIEW OF THE BIG ISSUE

*Nelson MacDonald
explains the
CUNA Mutual
point of view*

In the April Bridge, Julius Stone, president of the Credit Union National Association, presented his views in an interview headed The Big Issue.

The gist of his statement was that the CUNA Mutual Insurance Society has become independent of the Leagues and CUNA, and now makes major decisions without submitting them to the democratic processes of the credit union movement. The big issue, Stone said, is the power of the credit union movement to make all decisions in a democratic way.

Rev. J. D. Nelson MacDonald, president of CUNA Mutual Insurance, was invited to reply to Stone's criticisms. In the following five pages, MacDonald discusses the issues Stone raised. The questions were phrased by The Bridge; the answers have not been edited in any way.

Nelson MacDonald is a veteran credit union and co-op organizer from Nova Scotia. He is well known in the Maritime Provinces as a Protestant clergyman associated with the Antigonish Movement. He is now serving his first term as CUNA Mutual's president.



Q What do you think are the most important reasons for the tension between CUNA Mutual Insurance Society and the Credit Union National Association?

A Frankly I am hard put to give a good reason. Certainly there ought to be nothing but cooperation and mutual appreciation between CUNA and CUNA Mutual, and this is the case in most areas of the movement. As a rule credit unions and their members consider CUNA and CUNA Mutual as joint bodies, and know of no strain in the relationship between the two. This is as it should be, and all forces working counter to this should be repudiated.

I must say that any strain felt by the CUNA Mutual directors results from what appears to them to be the determination of the CUNA executive committee and of a few other leaders in the movement to be critical of the actions of the CUNA Mutual directors and management at every possible opportunity. This is all the more astounding in view of the universal admiration for the services rendered by CUNA Mutual, which Mr. Stone shares, and in view of the almost universal acceptance of the programs Mr. Stone refers to critically.

One is almost forced to conclude that Mr. Stone and the CUNA executive committee are concerned with the pres-

tige CUNA Mutual has obtained in the credit union movement. Perhaps CUNA Mutual's greatest sin is that it has done its job too well. CUNA Mutual has, surely, become the leader in providing outstanding services and as the effective interpreter of credit union philosophy into practical action. It has grown to a position of importance not only in the credit union field but also in the insurance industry. It has important assets. It has friendly relations with credit unions through the field operations department and the policyowners' representatives program. CUNA Mutual board and staff have long records of service and achievement in the credit union field.

It may be that CUNA officers and management are concerned about this prestige and these assets, and of CUNA Mutual's relationship with credit unions, because of a concern that CUNA Mutual might be more influential with credit unions than is CUNA.

If this concern is based on fact, it is certainly not something that CUNA Mutual planned or wants. We want and expect CUNA to be leaders in interpreting credit union philosophy and in helping credit unions apply that philosophy to ever more and ever greater services to credit unions and their members, just as CUNA Mutual is doing in the insurance field.

Do CUNA officers and management have a feeling of inadequacy as leaders of the credit union movement? Is that why they make vicious charges that are not based on fact against CUNA Mutual? Is that why they demand control of a mutual insurance society that they obviously know they can't control?

Q How might this tension be relieved?

A I believe this tension would be relieved and practically eliminated if Mr. Stone and the CUNA executive committee would in fact recognize CUNA Mutual as the credit union insurance company, and if they would use their great prestige and influence constructively, to help CUNA Mutual plan and carry forward ever greater insurance services for credit unions and their members, and to help obtain similar support from all CUNA-member leagues. Certainly they cannot expect the CUNA Mutual board to turn over control of CUNA Mutual to the CUNA executive committee. But they can sit down with the CUNA Mutual board like sensible men and women and discuss sanely our problems, instead of putting on trial in the public press and elsewhere one of the movement's greatest achievements, and some of the movement's greatest leaders.

On our part we know that CUNA Mutual will continue to survive and grow only as long as it serves and gears its operations and services to the wishes and desires of the organized credit union movement. We realize that, and all our decisions are based on that realization. We realize and appreciate that the great majority of the credit union movement recognizes and depends upon and supports CUNA Mutual as the credit union insurance company. We respect this confidence and are dedicated to meriting it. All of our services and all of our programs are planned to serve credit unions and their members, through the organized credit union movement. We are just as anxious to have this appreciated at the national and international level as at the other levels of the credit union movement. Unfortunately, we have admittedly not been so successful at the CUNA level as we certainly have been at the league and credit union level. But we keep trying. I assure you.

Q Julius Stone, president of CUNA, said in an

interview last month that he thinks CUNA Mutual owes some obligation to CUNA as the parent organization. Do you agree?

A Obligation, and loyalty, are two-way streets. Each of us has obligations to the other. I think both of us should respect each other, be grateful to each other, and help each other serve credit unions and their members.

Specifically, I think CUNA Mutual's important obligation to CUNA, and particularly to the founders of CUNA, who were also the founders of CUNA Mutual, is to provide credit unions and their members the very best of insurance services, to the limit of our growing experience and financial resources. Our legal obligation is, of course, to our policyowners, but in my judgement this involves no conflict in interest nor objectives. Basically the CUNA Mutual directors are elected by the same people that elect CUNA directors and have the same degree of authority and responsibility within their organization structure. We of CUNA and CUNA Mutual should both welcome suggestions from each other, we should keep each other informed, we should take all possible care to be sure that we have genuine two-way communication between each other, but we should not expect nor ask each other to duplicate the time, or the study, or the deliberations involved in solving the problems for which we are respectively and specifically responsible. The directors of CUNA and of CUNA Mutual should each respect the confidence put in the other by the credit union movement. Each should respect the integrity of the other and the ability of the other to fulfill the responsibilities entrusted to them by the credit union movement.

Here it is notable that while Mr. Stone is concerned about control of CUNA Mutual by CUNA, he and the management of CUNA apparently have no loyalty to CUNA Mutual Insurance Society. The staff of CUNA talks about credit life and life savings insurance for credit unions but it does not support CUNA Mutual programs for credit unions. None of CUNA's literature mentions CUNA Mutual—none of CUNA Supply's leaflets mention CUNA Mutual services, yet CUNA Mutual serves more than 90 percent of CUNA-affiliated credit unions. Cooperation, too, is a two-way street.

Q Julius Stone also said that he thinks the Leagues and CUNA should have been given more opportunity to study and discuss certain questions before CUNA Mutual made decisions on them. Among these were the decision to set up a casualty company, the decision to set up the present field staff, the decisions to set up the policyholders' advisory committee and the area representatives' program, and the decision to add certain field men on a commission basis. What is your opinion?

A I am confident that the movement as a whole will agree, and that history will confirm, that these questions were acted upon properly and wisely by the CUNA Mutual board. All were made in fulfillment of CUNA Mutual's responsibility in its particular field to serve the credit union movement. They fit naturally into CUNA Mutual's historic role of pioneer in providing maximum insurance services to credit unions and their members. Two of them are expressions of CUNA Mutual's historic role of pioneer among mutual, and indeed among all insurance companies, in providing maximum democratic participation by its policyowners.



A study committee, part of the policyowners' representatives program, met in Madison in November 1959.

The following comments on the questions listed are necessarily brief:

(a) The proposal to organize and operate a property and casualty insurance company is now being thoroughly discussed throughout the credit union movement. A detailed analysis of the need for such a company and the reasons why it ought to be organized by CUNA Mutual was made available to all chapter presidents for discussion at chapter meetings, and is being discussed and voted upon at all CUNA Mutual biennial election area meetings. This proposal grew out of comprehensive and detailed studies which left no doubt as to the need. These studies were called to the attention of CUNA's insurance services study committee last August, very shortly after they were completed, and three months before the proposal was initially acted upon by the CUNA Mutual board. Furthermore the board's action at that time was to instruct management to proceed with organizational arrangements but to postpone actual organization to allow for further discussion. In view of the great need for the company, and the time that it will take to organize the company and get it into operation, we want to proceed with organization as rapidly as possible. We are confident that this is also the wish of the credit union movement, when well informed.

(b) The decision to set up the present field staff was

based on this notable fact: In spite of the genuine interest league and credit union leaders have in promoting CUNA Mutual services, their members are far from obtaining maximum benefit from these services. Furthermore the problems of competition had become exceedingly pressing and the only effective way to cope with that problem was to put a staff of trained men in the field. The field staff was employed for sound business reasons. The decision could not be delegated to another body that was not responsible for the business of CUNA Mutual Insurance Society. The CUNA national directors agreed with this decision at their meeting in Boston last May.

(c) I doubt if more than very few would challenge, or do anything but praise, the CUNA Mutual board for appointing a policyowners advisory committee. This committee is composed of leaders of policyowner credit unions. Its function is to review the operations of CUNA Mutual and advise the board as to how well CUNA Mutual is gearing its services to credit union operations and philosophy. While no one person or group would be likely to name the same members to such a committee, I'm sure no one could seriously challenge the competence of the members appointed by the board, or the competence or

(Continued on page 29)

WHY ARE THEY DELINQUENT

A survey of four credit unions that keep careful control of delinquencies shows that it's important to know the borrowers' problems. Some are in trouble they can't help. Others have brought their troubles on themselves.

LOAN delinquencies occur for a number of reasons. "Illness," "layoff," "job hopper," "inability to manage personal funds"—these are just some of the reasons why borrowers become delinquent.

You can't generalize about delinquents. You can't treat them all alike. When delinquency develops, it's the credit union's problem to find out whether stern measures or lenient measures are called for. No intelligent method of dealing with delinquencies is possible except by finding out first what the cause of the delinquency is in each case.

Four Wisconsin credit unions that were recently studied—two industrial, one central and one rural community credit union—show that dissimilarities exist in the delinquency pictures of different credit unions.

A rural credit union for example, will show more delinquencies during the winter months when farm production is slack. An industrial credit union may occasionally show increased delinquencies because of layoffs at the plant. Differences in delinquency characteristics may also be attributable to the policies of the credit committees and managers as well as to the character of the general membership.

Wisconsin's largest rural credit union, Menomonie Farmers', has charged off .23 percent of their loans since organization in 1939. At the end of February, 1960, 4.5 percent of their loans were delinquent. Bob Wilson, assistant manager at Menomonie, lists four principal causes for their delinquencies:

- Seasonal employment of construction workers
- The inability of poorly-paid farmhands (many with large families) to live within their incomes
- Seasonal delinquencies of farmers, particularly dairy farmers whose income fluctuates markedly from winter to summer
- Outright unemployment

Menomonie's membership is open to any member of the three local farmers' cooperatives and to their families. It is in effect a community credit union and has an estimated potential membership of 30,000.

Menomonie also picks up accounts receivable from the cooperatives and makes loans to the overdue members. If the member is a bad risk, the co-op is asked to cosign the note.

"Our files are screened twice monthly for delinquencies," says Wilson, "and then put in a separate delinquent file. We go through the delin-

quent file daily. We don't stress the monthly payment or beat them over the head if they get behind. We know who we are dealing with and we bend over backwards to accommodate them."

As an incentive for prompt payment, Menomonie refunds 10 cents on every full dollar of interest due when the payment is made on time. The typical dairy farmer with a loan at Menomonie Farmers' Credit Union has one-third of his creamery check assigned to the credit union. "In the winter months when milk production is down," says Wilson, "the decrease in this check can result in delinquencies, but we go along with the member, knowing that the summer checks will compensate for the delinquency." During a typical winter month, Menomonie Farmers' Credit Union may receive \$7,000 in creamery checks.

Use league collection service

Menomonie utilizes the Wisconsin League collection agency in picking up charged-off accounts. An account which was written off as long ago as 1954 was recently collected through the agency.

Since Art Gilberts took over as manager in 1949, Menomonie's assets

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have skyrocketed from \$20,000 to nearly \$2,000,000. Says Gilberts, an alternate national director of CUNA and a director of the Wisconsin league, "I don't think that delinquency is any problem; as long as I am manager, I will expect to have delinquencies. When a credit union tightens its lending policy to the extent that it completely eliminates delinquencies, it is no longer serving its members as it should."

Sy Benke, manager of Allen-Bradley Employees' Credit Union in Milwaukee (and a director of the Wisconsin League) says that his credit union "has a very liberal lending policy but a strict attitude toward delinquencies."

Allen-Bradley has a charge-off record of .37 percent. Of their personal loans only .6 percent were delinquent at the end of February, 1960, but more real estate loans proportionately were in the delinquent file. As of that date their records showed that of 2276 outstanding personal loans, 46 were delinquent. Twenty-nine of these were delinquent 60 days to 6 months, 10 were delinquent 6 to 12 months, seven were over a year delinquent and 15 had been placed in the hands of an attorney. Two real estate loans out of a total of 250 were also delinquent.

The reasons for delinquency vary—

MENOMONIE FARMERS CREDIT UNION

Account No.	Balance Due	Highest Amount Due on Note	Months Delinquent	Months Since Last Payment	Reason for Delinquency
1	\$888	\$1500	4	2	Wife's illness.
2	\$150	\$250	6	6	Deceased. Reached age 70 during course of loan, therefore not insured.
3	\$124	\$400	7	2	Seasonal worker.
4	\$530	\$620	5	4	Seasonal worker.
5	\$243	\$258	9	Current	Seasonal worker.
6	\$1844	\$2000	4	Current	Permitted delinquency. Well-secured loan. Local appliance dealer who pays as much as he can each month.
7	\$37	\$51	9	5	Seasonal worker.
8	\$1734	\$1987	8	Current	Irresponsible.
9	\$244	\$259	8	4	Seasonal worker.
10	\$1149	\$1450	4	2	Permitted delinquency. Was a car loan. Borrower was then hired by firm which supplies car and he is now trying to sell his own.
11	\$281	\$360	8	4	Farmer who couldn't make a go of it. Sold farm and left state; a possible loss.
12	\$262	\$1600	12	Current	Skip, but wife has assumed responsibility to pay it off, makes monthly \$20 payments.
13	\$70	\$200	12	Current	Construction worker who moved out of area. Now making regular payments.
14	\$1500	\$1500	4	Current	Seasonal worker.
15	\$159	\$300	4	2	Permitted delinquency, an old man.
16	\$175	\$250	12	Current	Another farmer who couldn't make a go of it. Now doing odd jobs.
17	\$268	\$500	6	Current	Small farmer with more debts than he can take care of.
18	\$6250	\$6600	5	Current	Permitted delinquency. Borrower is dairy farmer one-third of whose milk check is assigned to credit union by creamery. Production is down during winter, up during warm months.
19	\$317	\$500	4	2	Permitted delinquency. Pays quarterly. Brings note up to date at each payment.
20	\$715	\$1200	8	Current	Seasonal worker.
21	\$120	\$267	6	Current	Out of work.
22	\$120	\$300	12	Current	Farmhand whose income does not meet his living expenses.
23	\$412	\$476	5	Current	Farmer—slack period.
24	\$48	\$230	10	2	Seasonal worker.
25	\$1659	\$1828	9	7	Claim of permanent total disability is pending.

INTERNATIONAL HARVESTER EMPLOYEES' CREDIT UNION

1	\$358	\$487	10	10	Illness.
2	\$61	\$66	7	7	Laid off.
3	\$368	\$428	3	3	Illness.
4	\$369	\$819	3	2	Laid off.
5	\$75	\$200	4	4	Laid off.
6	\$65	\$136	4	1	Laid off.
7	\$760	\$1700	12	11	Domestic problems because of irresponsibility, fired as result.
8	\$83	\$230	4	4	Laid off.
9	\$400	\$410	3	2	Laid off.
10	\$87	\$150	4	4	Laid off.
11	\$194	\$278	4	4	Laid off.
12	\$232	\$500	6	1	Partial disability.
13	\$605	\$740	4	4	Skip.
14	\$41	\$100	4	4	Laid off.
15	\$143	\$302	4	4	Laid off.

(Continued on page 6)



Warren W. Titschler, delinquent accounts manager at Allen-Bradley, says that the files are checked daily for delinquencies. When a payment becomes 10 days overdue a first notice is sent out. A second notice is mailed a week later and a phone call made at the same time. If there is no response in the next 3 days a third notice is sent.

Allen-Bradley Employees' Credit Union does not have payroll deduction, and manager Benke feels that the credit union is stronger as a result. Instead of this, says Benke, Allen-Bradley stresses closer personal contact with the member. To assist borrowing members as well as those whose loan applications have been denied, Allen-Bradley has recently added a part-time budget counselor to its staff. "When a loan application is turned down," says Benke, "we owe the member more than just a negative reply. It's our job to help him understand his financial problem better and to get at the root of it, even if we do not feel that granting him the loan would help."

Layoffs hurt

At International Harvester Employees' Credit Union, Milwaukee, loan repayments are made through payroll deduction. Since International Harvester was chartered in 1934 their charge-off has been .5 percent. Of \$2,015,000 in assets, \$556,700 was out in personal loans as of the end of

February, 1960, while \$924,000 in real estate loans were outstanding. Their over-all delinquency was 4 percent. International Harvester's delinquency picture has been seriously

influenced by heavy layoffs at the plant. Since November the payroll has been reduced by one-third; as a result, half the accounts in the delinquency files are due to layoffs. About

(Continued from page 5)

Account No.	Balance Due	Highest Amount Due on Note	Months Delinquent	Months since Last Payment	Reason for Delinquency
16	\$496	\$955	2	Current	Laid off.
17	\$436	\$681	2	Current	Temporary disability.
18	\$841	\$947	4	Current	Illness.
19	\$863	\$2139	18	Current	Extreme indebtedness.
20	\$155	\$500	2	Current	Illness.
21	\$437	\$491	1	Current	Illness.
22	\$170	\$200	2	Current	Laid off.
23	\$2147	\$2708	3	Current	Illness.
24	\$405	\$441	4	4	Laid off.
25	\$107	\$146	12	12	Extreme indebtedness.
ALLEN-BRADLEY EMPLOYEES' CREDIT UNION					
1	\$272	\$272	2	None	Carelessness.
2	\$259	\$469	7	Current	Illness.
3	\$600	\$1126	2	1	Illness and overindebtedness.
4	\$5	\$92	4	Current	Irresponsible.
5	\$631	\$1200	2	1	Divorce problems.
6	\$47	\$1031	6	Current	Bankrupt; to attorney.
7	\$1761	\$3600	4	Current	"Buys everything under the sun." Laid off.
8	\$4103	\$5500	3	3	Illness.
9	\$197	\$1925	3	1	Inability to manage funds.
10	\$334	\$2008	4	2	Illness, laid off.
11	\$157	\$456	over 12	1	Laid off, job-hopper, to attorney.
12	\$171	\$1927	over 12	1	Laid off, to attorney, bankrupt.
13	\$1031	\$1836	5	1	Unable to manage personal fund.
14	\$2730	\$3200	2	Current	Bankrupt.
15	\$759	\$1751	11	Current	Lost job, alcoholic, wife paying up note—\$10 weekly.
16	\$146	\$700	3	1	Laid off, long unemployed.
17	\$201	\$400	8	1	Illness, unable to handle personal funds.
18	\$2086	\$2472	9	9	Illness and irresponsibility.
19	\$580	\$1700	12	2	Bankrupt.
20	\$823	\$2018	3	2	Inability to manage funds.



20 of the 157 real estate loans are delinquent but some kind of payment is made on these every month.

Says Jim Fay, manager at International Harvester Employees' Credit

Union, "persistence is the best weapon against delinquencies. About all we get time for on our delinquent accounts, though, is to mail out the monthly overdue notices. We do try

Left to right:

Sy Benke and Warren W. Titschler of Allen-Bradley

Jim Fay is manager at International Harvester

Bob Wilson and Art Gilberts at Menomonie Farmers'

Bill Goeden is personal loan director at Wisconsin Central

Account No.	Balance Due	Highest Amount Due on Note	Months Delinquent	Months Since Last Payment	Reason for Delinquency
21	\$150	\$487	3	Current	Off payroll, claims illness.
22	\$1113	\$2858	12	Current	Skip, mother paying off note.
23	\$2075	\$2174	3	Current	Inability to manage funds.
24	\$1147	\$2100	6	4	Off payroll. Inability to manage funds, to attorney.
25	\$1386	\$1637	12	Current	Off payroll, alcoholic, referred to league collection agency.

STATE CENTRAL CREDIT UNION

1	\$127	\$150	6	6	Laid off.
2	\$374	\$890	18	1	Job-hopper.
3	\$297	\$380	3	2	Irresponsible.
4	\$2005	\$2750	3	Current	Unemployed.
5	\$93	\$300	12	5	On relief.
6	\$423	\$2050	11	10	In jail.
7	\$1793	\$2302	11	Current	Job-hopper.
8	\$888	\$1350	17	Current	Was unemployed.
9	\$956	\$1594	3	Current	Illness.
10	\$777	\$1500	27	Current	On relief, co-maker now paying.
11	\$941	\$1867	19	17	Bankrupt.
12	\$763	\$1760	20	Current	Illness.
13	\$1483	\$2000	4	1	Irresponsible.
14	\$29	\$142	23	1	Illness.
15	\$1531	\$1741	17	Current	Job-hopper.
16	\$287	\$2150	22	Current	Heavy indebtedness.
17	\$1935	\$2814	12	1	Seasonal worker.
18	\$563	\$640	4	Current	Illness of fiancée—expenses.
19	\$894	\$1785	23	Current	Bankrupt.
20	\$254	\$500	5	1	Illness.
21	\$409	\$917	15	1	Irresponsible.
22	\$566	\$662	19	2	Illness.
23	\$66	\$927	20	1	Heavily indebted.
24	\$119	\$170	23	Current	Laid off, large family, now on relief.
25	\$256	\$765	10	1	Seasonal worker.

to stress the interest payment or some kind of contact each month."

Wisconsin's State Central Credit Union, assets over \$17 million, has charged off as uncollectable 1/2 of 1 percent of personal loans made since organization in 1947, even though this credit union makes loans to members all over the state, some of whom it never sees. Its current rate of delinquency is only 7.05 percent. State Central also purchases loans from liquidating credit unions, and in the process, absorbs the membership of individuals whose employing firm has liquidated. Says Bill Goeden, personal loan director for State Central, "If a delinquent borrower finds himself in a situation not of his own making, we cooperate with him to alleviate the situation, but if he has created the problem himself, he should be made to bear full responsibility for it."

HIGH PRESSURE IN THE HOUSING PROJECTS



Installment salesmen who go from apartment to apartment in the low-income housing projects in New York are fleecing Negro and Puerto Rican residents. Social workers are up in arms, and the New York State Credit Union League has been invited to join a crusade. It's a test for low income credit unions.



William Kirk, director of the Union Settlement Association, is hitting hard at installment rackets.

RESIDENTS of New York City's new low-income housing projects are being stampeded into inflated installment buying of everything from cradles to funerals. William Kirk, director of New York's Union Settlement Association, calls the situation "a veritable consumer explosion."

"Preying upon the instincts of project dwellers to establish nice-looking homes," says Kirk, "credit peddlers have entangled many low-income families in overwhelming debt; shattered family life—even causing separations and divorce—and have made rent-dodgers and bill-duckers out of many decent law-abiding people."

Credit unions as well as banks are notably absent in the project areas just as they were in the slums which preceded them, but the installment-buying craze has created an unprecedented need for these facilities.

New York's housing project boom is essentially a post-war phenomenon. The apartments built by the New York Housing authority with both federal and state aid provide living space for nearly 400,000—mostly Negroes and Puerto Ricans in the lower income brackets.

In 1958 several New York housing development workers proposed that a program be set up to determine the financial condition of project residents. Though cognizant of the fact that this is an era of easy credit, the settlement workers were especially concerned over the impact of the national phenomenon on their immediate neighborhoods. Families earning less than \$3,000 per year could not

possibly afford all the new furniture, clothing and appliances which workers discovered in one apartment after another. How were they paying for these items?

As a result of the preliminary study, several settlement houses and community centers set up a Consumer Study and Action Program and have been awarded \$30,000 by the Fred L. Lavanburg Foundation, the Consumer Union and the Flagg Fund to implement the study.

A preliminary investigation by the group revealed:

- About one-half of the families moving into low-income projects bring most if not all of their furniture directly from the furniture store—purchased on credit.
- More than one-third of the project families are consistently behind on their rent; many of them use their rent money to satisfy a persistent bill-collector.
- Maintenance sends large trucks around the project grounds three times a week to cart away discarded furniture — defective, cheaply constructed, gaudy.
- Peddlers abound in the neighborhood, though they are prohibited, selling linoleum, bed linen, crucifixes — everything on credit — at better than 100 percent markup.
- Small neighborhood grocers who allow credit, charge extremely high prices in order to protect themselves against losses.
- Elaborate funerals as well as weddings are available on the installment plan.

• Each week hundreds of airplane tickets to and from Puerto Rico are sold on the installment plan.

• Many neighborhood men have been fired when their employers received notices of wage garnishments—and often such notices are premature or illegal.

It was found (December, 1957) that the average income in part of the East Harlem housing project was as low as \$2,433 for a family of six. During the 1958 recession, attendance at community center functions dropped sharply and settlement house workers first became aware of the serious nature of financial problems among tenants. "We found how the finances of many of our families are truly marginal, with nothing to fall back on in an emergency."

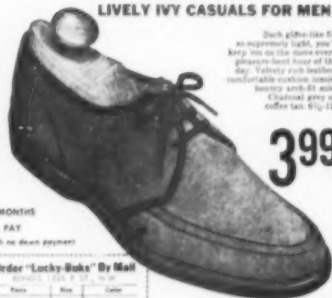
The settlement house workers asked: Wasn't any organization teaching consumer education to low income families? Wasn't some agency responsible for protecting these families from such abuses? Weren't credit resources available? The committee found:

- The Board of Education consumer education classes in East Harlem had failed because of insufficient enrollment.
- The YMCA was conducting a consumer education program, but this was keyed to families earning more than \$5,000.
- The trade union movement was thinking about a national consumer education program for rank and file trade unionists, but with no prior knowledge of or commitment to

(Continued on page 24)

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Here's a pair of shoes advertised
with no down payment and six
months to pay!



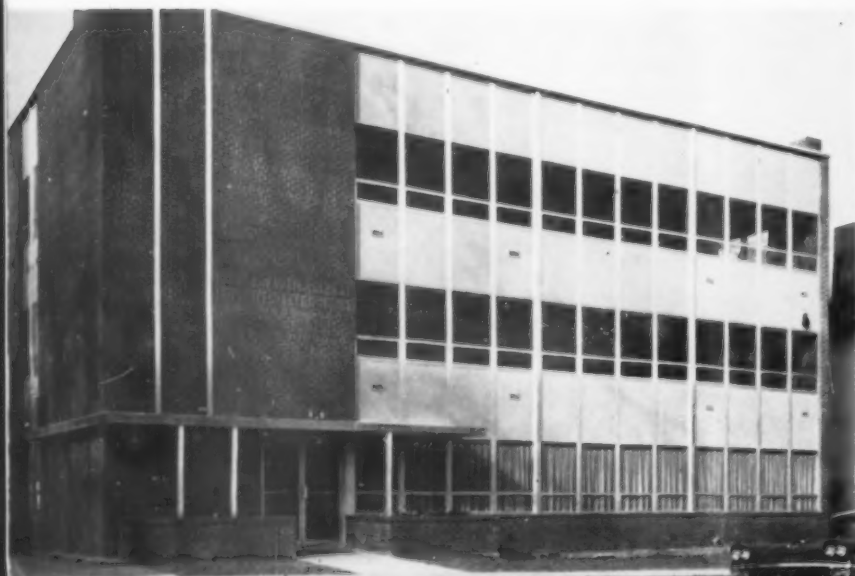
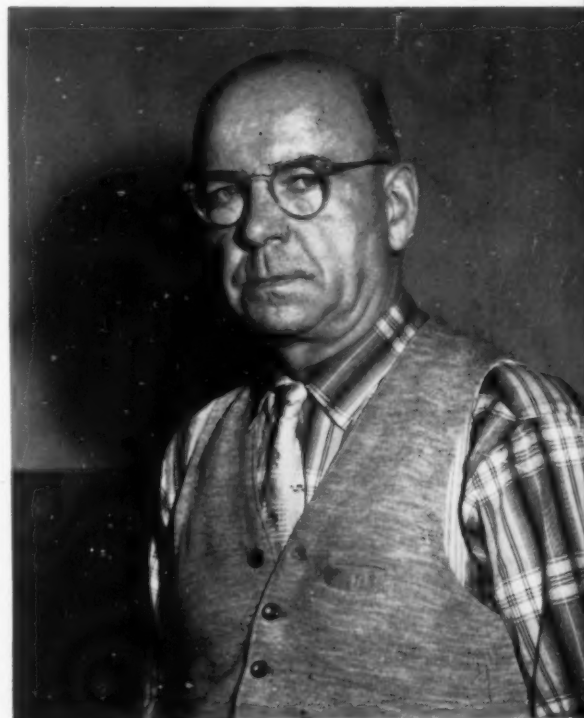
The Denver Public School Em-
ployees Credit Union has just
moved into this handsome new
building at 1535 High Street.
They're enjoying it.



The directors of RDG Reading
Federal Credit Union, Reading,
Pa., tell the company's vice pre-
sident in charge of operations
about the credit union's 12th an-
niversary. They're all pleased with
their progress.

Col. Robert W. Springer, the
firm-looking gentleman in the vest,
is retired from military service and
has been full-time treasurer of the
Colgate Federal Credit Union at
Fort Holabird, Md., since 1954.
In February two armed bandits
tried to hold him up while he was
carrying credit union funds in his
car. He shifted into low gear and
brushed them aside, car and all.

The Ontario League has made a
big thing of its annual beauty
contest and gets a lot of news-
paper publicity out of it. Naturally
every chapter elects its beauty
queen, and this is Miss Oshawa
Chapter, also known as Joycelyn
Loveless.



in the NEWS



CUNA'S endorsement of the Douglas bill, which would require full disclosure of installment credit terms including the true annual interest rate, was expressed to the Senate banking subcommittee April 7 by CUNA president Julius Stone and two credit union managers. "We believe every borrower has the right to complete knowledge of the terms and contents of a consumer credit contract," Stone said. The two managers, R. C. Morgan of the Government Employees Credit Union, El Paso, and Donald J. MacKinnon of the Ford Dearborn Federal Credit Union, Dearborn, offered specific examples of distressed and confused borrowers. Morgan is also president of the Texas Credit Union League.

The hearings have produced some interesting moments, including a statement by the chairman of the Federal Reserve Board, William McChesney Martin, that he personally couldn't understand or interpret ordinary auto finance contracts. Generally speaking, government agencies and public service organizations are supporting the bill; commercial interests are opposing it. Two credit union leagues—Iowa and Massachusetts—are on record favoring it.

Increasingly ugly publicity faces businessmen who profiteer on credit customers, judging by recent trends. There was a big gruesome story by the Associated Press recently about a Chicago worker who took rat poison because he couldn't keep up with his monthly payments. A credit clothing store operator was quoted at length in the Wall Street Journal the other day, saying he makes more on the credit angle than on the clothes, and advising others to get on the gravy train. If the Douglas bill is not passed this year, chances are there will be hearings year after year, increasingly sensational in character, until the more reputable financial elements kick their unscrupulous brethren out of bed. Management officers concerned with employee welfare will join in the kicking. Bankers can't hold out long against this kind of publicity.

Francis Butler, managing director of the Vermont League, died suddenly of a heart attack last month; he was forty-seven. . . **Perne Hutchinson**, who has been part-time managing director in New Hampshire since 1957, will take over full time May 1. . . **Robert Hood** has been appointed managing director in Missouri; he replaces **Paul Roberts**, who has retired for health reasons but will continue in a consulting capacity. . . **Richard Race** joins the Michigan League as assistant director of education; **Robert Brown** is a new Michigan field man. . . **James D. Johnson** has

joined the Alabama field staff. . . **John F. Sullivan**, assistant professor of finance at Idaho State College, will join the CUNA education department in June as a family financial counseling expert. . . **George C. Gault** has been named to the field staff of the Arizona League. . . **Robert L. Greene, Jr.**, is now employed as field man for the Virginia League. . . **Walter Polner** joins CUNA as director of research, economics and statistics; he was formerly with the American Medical Association. . . **Jack Lary** has left his position as personnel director and office manager of CUNA to take a position in the research and development department of CUNA Mutual. . . **Floyd F. Malcolmson** has joined CUNA Mutual as director of training in the field operations department.

Stabilization programs have been set up by the Texas and Rhode Island Leagues in recent annual meetings. . . Proposals for a central stabilization reserve fund have been mailed out to all directors and alternate directors of CUNA by the stabilization study committee, for action at the May meeting; they are essentially the same as proposals approved in principle last May.

Jack Kent is the top volunteer organizer for 1959. The education director of the Central Credit Union of California organized 12 new credit unions last year; he won the same award in 1957 and was runner up last year. . . The Colorado League won the league award, with 14 entries in the volunteer organizers' contest.

Some loan sharks are lepers. Carlos Matos, assistant director of CUNA's world extension department, found on a recent trip to Korea that some patients in a leper colony were lending money to other patients at rates of from 8 to 10 percent per month. "Loans for personal needs all come from illegal lenders," Matos reports.

Life savings insurance is legal in Virginia. It took a long hard try to get it, but CUNA Mutual and the Virginia League have succeeded in getting the legislature and governor to approve legislation enabling credit unions to provide this coverage for members' share accounts.

The dedication of the new CUNA Mutual building will involve some notable speakers: Gordon A. Lowden, executive vice president of National Cash Register; Canadian minister of citizenship and immigration Ellen L. Fairclough; Rt. Rev. Msgr. George G. Higgins; Sen. John J. Sparkman; and Ivy Baker Priest, treasurer of the United States.

Left: Rose Mathers converses with president C. E. Homer, partly by lip-reading.

Right: The vice president of credit union, Jesse Burcham, is a pond foreman and has a nice sense of balance.

THEY GIVE HER THE CREDIT



*A lady with a hearing aid
has done a lot to bring this
credit union to life. But the big step
was taken when
the board and the
credit committee got into an
argument about delinquencies.*

ROSE L. MATHERS is completely deaf. But this handicap doesn't interfere with her effectiveness as a credit union treasurer. In nine years she has brought an almost dormant group back to life.

"It takes an unusual woman to lead a group of men and make them like it," says carpenter C. E. Homer, president of Weyerhaeuser Klamath Federal Credit Union in Klamath Falls, Oregon. "But Mrs. Mathers is exceptional. She has the ability to lead without seeming to."

Weyerhaeuser was in operation for fifteen years when Rose Mathers became treasurer early in 1951. At that time the group's assets were \$77,838.87. During the next nine years the credit union's assets grew by more than 600 percent, reaching a new high of \$558,521.84 at the end of 1959, with 1,124 members and outstanding loans of \$531,390.60.

Treasurer Mathers is a quiet, gray-haired lady of fifty-one. Her slenderness makes her look tall, but she is actually only five feet two.

Thanks to a hearing aid, Mrs. Mathers can participate in any discussion. She also carries on telephone conversations, combining her hearing aid with an ordinary telephone or using the amplifying system built into her special office receiving set. Comments Mrs. Mathers, "I am really



lucky that our directors, committeemen and members are such patient people. My deafness often makes it necessary that they repeat a question or statement. But not one of our 1,138 members has ever complained about this."

Weyerhaeuser Klamath Federal Credit Union was organized late in 1935. It serves the 1,150 employees of the Weyerhaeuser Timber Company's Klamath Falls branch and the members of their immediate families. The company's plant, office and woods operations include logging, lumber making, tree farming, pressing sawdust into commercial fire wood, and manufacturing hardboard and shipping crates for fruit and vegetables. Most of the members are employed at the company's plant, but some work in camps located as far as sixty miles from the credit union office.

Four ways to stand still

These are the principal reasons why Weyerhaeuser grew so slowly during its earlier years: (1) Unwillingness of the board to send a representative to either a League or chapter meeting; (2) unwillingness of the board to make chattel loans for car purchases; (3) fear of the directors to do anything new; and (4) lack of member confidence in the credit union.

"When I arrived here nine years

ago, our credit union seemed to be suffering from a severe case of lethargy," says treasurer Mathers. "Some faithful members were using the credit union with a good amount of regularity. But we were not growing."

In 1950, shortly before Mrs. Mathers became treasurer, the members' confidence had reached a new low. The immediate reason was a strike. While it was going on, the board limited share withdrawals to \$50 per member and halted all lending activity. "This experience frightened our membership," Rose Mathers reports. "Afterwards, even the most unfounded strike rumors brought heavy withdrawal requests."

Today Weyerhaeuser's members no longer panic when someone mentions the work "strike." The credit union has changed its method of operation, and they know that they can expect normal credit union services if a strike comes along.

Another strike threat developed approximately a year after Rose Mathers became treasurer. Again the members lined up for withdrawals, but Mrs. Mathers considered these requests both premature and unnecessary. Before trying to argue things out with the waiting members, she paid a quick visit to the local bank. The banker said the credit union could borrow any amount within reason at

a 5 percent interest rate. This information she passed on to the waiting members.

"As soon as our members understood that they could get their share money if and when they needed it," she recalls, "they were satisfied and dropped their withdrawal requests. It seems that this simple trip to the bank was all that was needed to establish and maintain the members' confidence in the soundness and solvency of our credit union."

Education did it

How did the Weyerhaeuser credit union revitalize its services? By an educational program that covers everything—members, candidates for office, officers and local merchants.

● **Candidates.** All candidates for board and committee positions are contacted before they are elected to office. They are advised that credit union work will take a substantial amount of their private time, and urged to run for office only if they are willing and able to give this time consistently. This eliminates some and strengthens the others.

● **Board and committee education.** The first step in the education of Weyerhaeuser's directors and committeemen begins immediately after the annual meeting. New directors and committeemen receive all



Some of the credit union members cut sash in the company's sash and door factory.

available literature, manuals, by-laws, rules and regulations concerning their responsibilities and duties. Most of these items are published by the Bureau of Federal Credit Unions and CUNA. Some are originated by the Oregon League. "Our board and committee members read this literature carefully," comments Rose Mathers.

Quarterly dinner meetings provide another educational opportunity. During these meetings the directors and committeemen discuss and work out their operational plans, agree on the limits of their respective authority and responsibility, and inform each other about the principal problems of the credit union.

These joint dinner meetings were begun originally to smooth over an internal difference. "Two years ago we had a considerable delinquency problem," treasurer Mathers reports. "At that time our board considered restricting the credit committee's authority. The committee resented the board's intention. But during a joint session, our directors and committeemen thoroughly ironed out all the bad feeling and agreed upon new operational policies and practices. Since that time we have made these joint sessions a standard part of our program for board and committee education, in addition to the regular monthly meetings." Chapter and league

educational meetings supplement these dinner sessions.

For her own training, Rose Mathers attends the annual sessions of the credit union management development seminar, sponsored jointly by the Washington and Oregon Leagues. These seminars, for full-time treasurers, consist of two-day programs shared jointly by credit unionists and educators.

● **Membership education.** "The future of our credit union will depend to a large degree upon the performance and effectiveness of our new education committee," says Weyerhaeuser president Homer. "We recently appointed our immediate past president as education committee chairman, because we felt that he would know more about our operations and our educational needs than anyone else in our membership. We have great hopes for the educational

work the committee will do under his leadership."

The program is aimed at members, wives and families.

Many wives had never heard about the credit union until it began to send quarterly statements to the members' homes, treasurer Mathers says. This taught the credit union the importance of keeping in touch with the members' families and making the annual meeting a family event.

Getting the wives interested in the credit union and making the member's credit union loan a family loan, helps tremendously with getting regular payments, this Oregon group notes. It finds that it is usually the wife who pays the bills. Comments Mrs. Mathers, "If the wife can be made a part of the lending process, the matter of collecting the payments is much easier."

WEYERHAEUSER KLAMATH FEDERAL CREDIT UNION Klamath Falls, Oregon

Dec. 31	Shares	Members	Borrowers	Loans	Assets
1936	\$ 1,486.15			\$ 1,425.60	
1940	48,623.04			32,541.84	
1945	28,786.00	250		8,607.91	\$ 31,626.19
1950	68,409.07	549	291	67,795.14	77,838.87
1955	248,354.84	851	583	312,212.52	323,164.24
1959	469,433.33	1,124	1,009	531,390.60	558,521.84

● **Educational media.** Weyerhaeuser reports good results with newsletters and counseling.

Counseling is primarily in the hands of the office staff and the credit committee. Much of the group's counseling activity consists of encouraging members, who are considering car or appliance purchases, to examine and compare the list prices of major manufacturers available at the credit union office. But Weyerhaeuser makes it a policy never to tell a member not to buy from a dealer whose charges are excessive. Instead it suggests to the member that he compare the prices of high-cost merchants with the quotations of more moderate sources. "Usually this solves the problem," Mrs. Mathers comments. "But occasionally a stubborn member is burned severely."

● **Merchant education.** During the early 1950's Weyerhaeuser recognized the need for helping Klamath Falls' merchants to develop a new concept of the credit union's function in the city's economy. There was a systematic campaign to win over the local merchants to the understanding that credit unions can finance both major and minor purchases for their members.

These efforts brought results. The merchants began to appreciate that Weyerhaeuser was ready to make an important contribution to local consumer credit. Today the local merchants themselves frequently suggest to members that they finance their purchases through the credit union.

Weyerhaeuser is active in both the Klamath Falls Chapter and in the Oregon League. Its directors, committeemen and employees participate at all chapter meetings, and at least five delegates attend the League's annual conventions.

To encourage participation at chapter and League events, Weyerhaeuser pays the out-of-pocket expenses of its delegates. At chapter meetings, this applies to all directors, committeemen and employees. Delegates attending League annual meetings are also reimbursed for the loss of a day's wages.

● **Loan officer.** Weyerhaeuser has appointed one of its credit committee members to serve as loan officer. He is L. A. Wirth, a gate guard and radio operator, whose guard house is located some ten yards from the credit union

(Continued on page 31)

FROM THE MANAGING DIRECTOR:



A QUESTION OF EXPOSURE

Dues

DUES paid by the credit union members support the programs of the Leagues and of the Credit Union National Association. CUNA and the Leagues are service organizations, and must give the services that the credit unions (made up of those dues paying members) want. The programs of the Leagues and of CUNA are a reflection of the leadership of the credit unions in any area.

Worth the cost

Some credit unions feel that they will pay dues to their League only to the extent of actual cash value of services the League is giving back to that credit union. Many small credit unions and many new credit unions get far more service than their dues provide. Obviously, since this is the case, the larger and older credit unions are paying more than the actual value of immediate services to those credit unions. Some of this excess cost to these credit unions thus must be charged up to helping new credit unions get started and to helping credit unions in trouble solve their difficulties.

Insurance costs are by "exposure"

Fire insurance costs my neighbor a great deal more money for protection for his big house than it costs me for my small house. His "exposure" is greater, and he fully expects to pay more to have full

coverage. Large credit unions have a great deal more "exposure" than do small ones, and dues are their insurance premiums, as well as payment for services rendered daily by their Leagues and CUNA.

Until within the past few years, as a number of credit unions began to grow large, we had only friends in the legislatures, in industries and in leaders of thought. But, the development of large credit unions has not only brought those individual credit unions into the line of fire, but is causing public relations and legislative problems for the whole credit union movement.

Trouble makers?

I often joke with the leaders of large credit unions about their being "trouble makers"—also those credit unions which have built nice office buildings. And, I always hasten to say that I am very proud of them, and very happy to be associated with them in that type of trouble making. But it is true that because of their successful growth the credit union movement is having troubles.

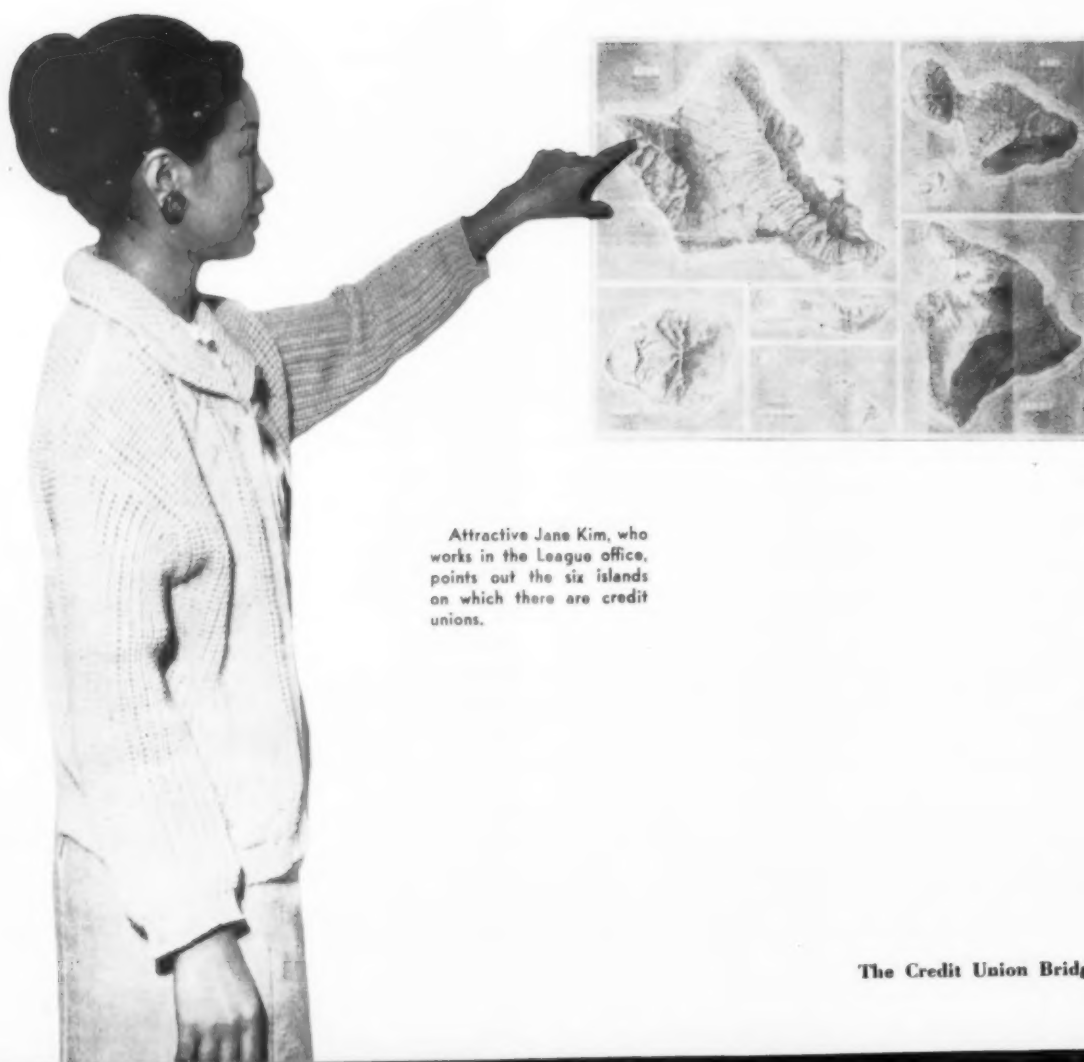
These credit unions are the ones with the greatest exposure—for they are the ones that would suffer most if it were not for the constant programs of public relations and education and legislation, which can only be conducted by the Leagues and by CUNA.

Dues, like fire insurance premiums, must be in proportion to the "exposure"!

H. Vance Austin

LEAGUE SERVICE

*It's a big area to cover, but the staff
of the Hawaii Credit Union League really get around
and visit their credit unions. Affiliation is
100 percent, and growth is steady.*



Attractive Jane Kim, who works in the League office, points out the six islands on which there are credit unions.

Peter T. Hirata, president of the League, is a grade school principal.



IN THE ISLANDS

"EVERY sixth man, woman and child in the state of Hawaii is a credit union member," says boyish-looking Frank R. Kahookele, 36, managing director of the Hawaii Credit Union League. "We have 161 credit unions in our state. All of them are affiliated with the League, and all have federal charters."

At the end of 1959, Hawaii's 100,831 credit union members owned \$59,331,913 in shares and had outstanding loans of \$39,522,702. Their average shares were \$588 and their average loans \$803. Since organization they have lent each other more than a third of a billion dollars.

The Hawaii League was organized during January of 1937. Its service area consists of a chain of eight islands: Hawaii, Maui, Oahu, Kauai, Molokai, Lanai, Niihau, and Kahoolawe. Hawaii is the largest with 4,000 square miles. Kahoolawe is the smallest, with 45 square miles.

Today there are credit unions on the six larger islands. The number on the individual islands varies substantially. Oahu, with the state's capital and largest city, has 101 credit unions. The island with the smallest number is Lanai: it has one credit union, Hapco Lanai FCU, which serves the employees of the Hawaiian Pineapple Company.

The island state's credit union movement has made significant progress during the past five years. Since December 31, 1954, it has increased its credit unions by 24 percent, its members by 44 percent, its shares by 77 percent and its loans by 100 percent. The majority of the state's credit unions serve groups in sugar plantations (26); wholesale-retail businesses (20); pineapple canneries and plantations (15); city, county, state and

federal agencies (10); transportation (10); military installations (10); hospitals (8); schools (8); miscellaneous industrial employment (8); and communities (8).

Says League president Peter T. Hirata, a grade school principal: "We are making progress. But there are still too many persons in our state who cannot get credit union services because they are not eligible for membership in an employee credit union. It is this group in whom we are particularly interested. We would like to find a common bond which will enable these people to become credit union members. We do not know as yet how this can be done. All that we do know is that these persons need credit union services. A parish type of common bond might possibly prove feasible, but this matter is still in the discussion stage."

These are the eleven principal services of the Hawaii League:

- **Legal services.** The League's legal services provide the member credit unions with both legal and technical assistance. In the event of a suit, the League makes available its retained legal counsel: at no charge, if the suit is for the protection of the credit union; at the credit union's expense, if it sues a member.

Hawaii's League counsel also furnishes opinions on credit union legislation and practices. The League publishes, indexes and distributes these opinions to all members, and encourages the members to preserve the opinions in a special "legal and information manual."

Further legal services include making the League's attorney available for handling the member credit unions' uncollectible accounts and providing assistance with the writing,

title searching and recording of member mortgages. In the performance of these services, the attorney is employed and paid by the individual credit union.

"We retain our counsel at an hourly rate of \$25," says managing director Kahookele. "But when we have a lawsuit, we engage him on a prearranged fee basis. During 1959, our expenses for legal service were \$1,600."

- **Field services.** These services include trips to the eight inhabited islands of the state. "We have credit unions on six of the islands," Kahookele reports. "Whenever our fieldman or I visit one of the islands we try to visit all of its credit unions. We contact the individual treasurers well in advance of our visits so that they can arrange their schedule conveniently and prepare all questions which they may wish to discuss. And we encourage the treasurers to arrange as many board, credit and supervisory committee meetings during our visits as possible."

Usually both the managing director and the field representative visit all credit unions four times during the year. But there is one exception. This is Oahu, the island on which Honolulu is located. The 101 credit unions on this island receive only between four and five visits each annually. Together, the 161 credit unions on the six islands receive approximately 850 to 900 League calls during the year.

In addition to these scheduled field trips, the League's staff makes a number of emergency field trips in response to special calls for assistance.

- **Organizing new credit unions.** The League provides free technical assistance to all groups interested in applying for charters, holding organi-

ational meetings, and training new officers in the methods of credit union operation. In addition the League also does some "cold canvassing," contacting sponsors of prospective groups.

To help with its organizational planning, the League keeps a prospect file. This file lists: (1) the name and address of the prospective sponsor; (2) his phone number; (3) the name and position of someone whom the League knows within the prospective group; (4) the name and position of the suggested key person; and (5) the number of persons in the group's field of membership.

Comments Frank Kahookale: "Because our staff is so limited at the present time, we try to space our organizational work so that we are always working on some prospective group. As soon as this group has its charter, we begin to work on the next prospect. Occasionally we help two organizational prospects at the same time, but we think this is the maximum of ongoing organizations that we can handle without neglecting our other responsibilities. We feel that it is better to organize fewer groups on a sound basis than to chalk up a large number of new but shaky charters."

● **Supply services.** The Hawaii League is one of CUNA Supply's "supply depots." It handles all credit union supplies at cost. "We have saved our credit unions a good deal of money by placing large volume orders

for all groups in the state," Kahookale reports. "Many a time these savings run as high as 50 percent."

● **Interlending service.** All member credit unions are requested to inform the League whenever they have excessive or insufficient loan funds. The League keeps a roster of this information, and helps interested groups to supply each other's needs. Last year the League assisted fifty-five credit unions to lend each other some \$660,000. In addition, three mainland credit unions used the League's interlending service for loans totalling \$45,000.

● **Insurance program.** Hawaii's insurance program includes: loan protection, life savings, individual life and individual major medical insurance; bonding, chattel lien insurance, director coverage and retirement fund benefits.

● **Publicity and public relations.** The League mails a monthly newsletter free of charge to all credit union directors and committee chairmen throughout the state. It sends periodic League releases to its member credit unions, keeping them informed concerning all important events in the credit union movement. It makes CUNA and CUNA Mutual films available to its members. It also provides news releases to the general press.

● **Training program.** Nearly all of the League's training activities are handled on the chapter level. Hawaii

has five chapters that coordinate and assist the League in carrying out its training program. The League staff and chapter officers share in planning these programs. But the leadership and technical know-how for these workshops and meetings are provided by the League.

Workshops usually include special sessions for treasurers, assistant treasurers and paid staff; directors, credit committee and supervisory committee members. During 1959, Hawaii's directors and committeemen spent nearly 1,000 training hours at the League's twelve workshops.

The League also provides an annual credit union management seminar. This seminar is conducted by the League staff with the cooperation of the League education committee and the Bureau of Federal Credit Unions. Last year, the instructors in the seminar were examiners of the Bureau of Federal Credit Unions and members of the University of Hawaii's faculty in economics and management. More than 400 persons attended the 1959 sessions. Together they spent some 4,800 hours at the two-day seminar.

Two additional educational events last year were a special workshop and a three-hour training session in conjunction with the League's annual convention.

The special workshop was conducted at the League's office. Its pur-

Left to right

Bananas grow wild. The small green fruit can be seen in bunches, under the leaves.

Frank R. Kahookale became managing director of the Hawaii League in February. He was a field man for three years before that.

This aerial view of Honolulu shows the growing city and port area. The crater at the center is the site of the National Cemetery of the Pacific.



pose was to train new treasurers and new employees in dividend calculation methods and procedures.

The three-hour training session at the convention was designed for chapter officers, board members and committeemen. Some 650 persons attended.

To increase the session's educational value, the League divided the participants into groups of beginners and old-timers. But none of the hotels on the island of Kauai (555 square miles) was large enough to accommodate all participants. The League solved this problem by renting facilities in two hotels. And to give all groups the benefit and chance to hear each instructor, the League arranged for the instructors' transportation between hotels.

● **Management service.** Credit unions employing a new manager may send him to the League office for a special training course. Four new treasurers took advantage of this service during 1959.

● **Efficiency evaluation.** Another League service is evaluating the operational efficiency of credit unions requesting appraisal of their practices and services. Whenever it is asked for such an evaluation, the League assigns a staff member to make a complete survey of the group's operations. At the conclusion of its survey, the League reports its findings to the credit union's board of directors

and submits a detailed list of recommendations.

During 1959, the League made four of these surveys. Each required between two and four days of staff time.

● **Chapter services.** "Our League has a very close relationship with our five chapters," comments managing director Kahookele. "We use our chapters to promote a steady exchange of information and to create and maintain a spirit of good fellowship among our credit unions. Our League helps the chapters with program planning and assists them in finding a resourceful and qualified speaker for each meeting. Our chapters are self-supporting through direct dues of \$5 per member credit union. But the League contributes \$50 to help each chapter with its annual Credit Union Day expenses."

Planning

How does the Hawaii League plan its program and services? It finds out what the member credit unions need and want, incorporates these findings in a workable budget and then determines its dues formula at the annual convention.

● **Determining needs.** During their field trips, the League's staff members make constant inquiries about the individual groups' needs and requests. This information serves as the principal basis in planning future League services. Reports Kahookele: "We do not have to strain our ears to get this

information. Usually our credit union officials are quite outspoken about the services which they would like to have from the League. But it is, of course, our job to determine which of these services should be given first preference. The criterion for these decisions is almost always: What services will do the most good for the greatest number of members?"

For budgetary purposes, the Hawaii League makes plans at least a full year in advance. Much of this planning is done by the League education committee. This committee works directly with the staff to find the best possible use for the League's funds. Through frequent visits the committee's seven members keep in close touch with the needs and wishes of the various islands.

Among the activities which the League plans and schedules several years ahead are the annual League membership meeting and the credit union management seminar. In each of these cases, Hawaii makes its plans for two years in advance to determine the exact meeting dates and space needs.

● **Budget planning.** After the next year's needs are determined, the League board looks into the cost of each proposed service. It decides what services are essential, eliminates the ones with the lowest priority and adopts a budget. The League board
(Continued on page 22)





LETTERS

*New members can be
brought in, share accounts
can be built up, loans
can be expanded by a
direct mail campaign,
as this credit
union has shown.*

LETTERS to members have brought in new members, built up loan volume and made it possible to eliminate limits on saving in the Atlas Credit Union of Wood River, Illinois.

Four years ago this credit union had 1200 out of 1600 potential members; today it has more than 100 percent of its employee potential. Eighteen months ago the credit union was limiting share deposits to \$10 per pay; it had \$90,000 in investments. Today there is no limit on savings, all investments have been turned into cash, and the credit union has borrowed \$60,000 to take care of loan demand.

Of course you never can tell for sure what results you are getting from your mailings, points out treasurer C. H. Clark, but so far as the people at Atlas can tell, letters have done most of this job.

The decision to start mailings came as a result of an announcement by the company that it would be laying off 400 employees in the near future. The announcement came in July, 1958, as a result of modernization plans for the

Standard Oil refinery in Wood River. The credit union officers had considered and rejected plans for mail advertising before; now they decided it was time to act.

The mailings followed more or less a quarterly schedule, and were sent to all prospective members as well as actual members:

- **April 8, 1959:** A combination mailing was sent out containing four pieces. One was a pocket calendar with a loan repayment schedule on the back. One was a printed flyer headed, "Do you really want a Volkswagen? . . . an outboard motor? . . . a hi-fi for the living room?" A third piece was a printed announcement that the credit union had taken out coverage under the Illinois Share Guaranty Corporation, which provides a form of deposit insurance in the state. The fourth was a CUNA Mutual leaflet titled "You don't stick your neck out when you have loan protection insurance." When this mailing went out, loans outstanding stood at \$389,275; by the end of May they had reached \$405,090 — although membership

dropped off by 24 during April and May, due to layoffs.

- **Late in June, 1959:** A one-piece flyer on vacation loans was mailed. It included a cartoon by one of the members, showing a couple in a car, with the headline, "Have Atlas loan . . . Will travel Vacation!" A loan repayment table was included. Loan volume stood at \$405,050 before the mailing went out, and rose to \$454,217 by the end of August. Membership dropped off another 22 in total, but even so was rising toward 100 percent of potential.

- **August 13, 1959:** This was an emergency mailing, occasioned by a work stoppage. Pickets appeared around the refinery as a result of a dispute at another refinery in Indiana, and Wood River employees respected the picket lines, staying out from August 5 to August 16. The local union held a mass membership meeting August 12, at which the majority voted against returning to work. The credit union officers prepared their letter that night and mailed it the next morning. It said, "Business as usual at the

Atlas Credit Union," and included a loan repayment schedule. Loan volume and membership held even during August and September.

• **October 6, 1959:** An auto loan flyer went out on this date. It was headed, "Have you seen the 1960 autos?" and included a loan repayment table. Loan volume rose steadily during October and November. The membership picture had stabilized itself.

• **November 12, 1959:** Another special mailing, occasioned this time by the fact that the officers had discovered their loan volume was rising so fast that there was no longer any reason to justify limits on shares. "The Atlas Credit Union is happy to invite increased share deposits from all its members," the message began. During November loan volume rose another \$14,000, and in December it picked up \$9,000 more. By now the credit union had borrowed \$60,000 to keep up with loan demand; and the first week in January all securities were cashed.

• **December 30, 1959:** A special mailing, with a pocket calendar for the new year, was sent out, with the heading "A short sermon." The heart of this was a question and answer explanation of what a credit union is.

• **January 20, 1960:** Following the annual meeting, a notice was sent out announcing a 4 percent dividend and the names of the new officers. Members were invited to come in and have their passbooks brought up to date. A table showing savings plans was included.

"We expect to stay on a quarterly mailing program in the future," says treasurer Clark. "We feel it is difficult to be exact and factually evaluate the impact of our letters because of the increase in the prime rate and the tightening of money elsewhere must have had some effect on our situation. However, we feel the major factor in building our loan volume has to be our mail program.

"We have had other benefits too. We have signed up new members. Most of them are good solid people who have been in the field of membership for ten to twenty years without joining the credit union. Apparently no one ever talked to them at any length—if at all—about belonging to the credit union.

"We feel we have too much written material in our present letters. This

will be reduced somewhat, with more wide open spaces, in future letters. However, contrary to a lot of established beliefs about people not reading 'wordy' letters, our letters are being read widely. We know this from the questions and comments which result each time a letter is mailed."

Verbatim extracts from the Atlas Credit Union's letters follow:

Letter of 4-8-59

Do you want a Volkswagen? . . . an outboard motor? . . . a hi-fi for the living room? If these items are on your "want list" . . . if you have need for funds . . . you can borrow them at a saving from the Atlas Credit Union.

Over 500 of your fellow employees have loans with us now . . . over 1200 of your fellow employees and their families own shares in the Atlas Credit Union. The services of the credit union are available to you to make loans for useful purposes.

We can compete with GMAC financing on your new car . . . we can save you money on the "service charge" that goes with a Sears time payment . . . that hi fi or that vacation loan will cost you less the Atlas Credit Union way.

Don't be fooled into saying, "Why should I borrow from the credit union when other lenders advertise lower rates?" The fact is, rates don't mean a thing. What really counts is how much it costs you to borrow the money.

Forget interest rates. Get the cost in dollars and cents. Remember, you are going to pay in dollars, not in percents!

Compare all the charges you are asked to pay elsewhere with our table below. Always you will find your Atlas Credit Union charges to be lower.

Flyer of late June, 1959

Have Atlas loan . . . will vacation! A trip to either Alaska or Hawaii would be nice . . . if we had the time and funds. However, most of us are thinking of a vacation to the relatives, the Ozarks, or maybe a sightseeing trip through the West. If you need help financing such a venture . . . let the Atlas Credit Union supply the money.

Atlas has helped many a would-be outdoorsman purchase a new boat, outboard motor, boat trailer . . . even water skis and SCUBA outfits. After you've planned that trip to the Ozarks, to the boat store, or to your Ford, Chevy or Plymouth dealer, come in and see us about the loan.

Compare all the charges you are asked to pay elsewhere with our table. Always you will find the Atlas Credit Union charges to be lower.

Mailing of 8-13-59 (during work stoppage)

Business as usual at Atlas Credit Union. Need money for home repairs, unusual expenses, or any provident purpose?

Be sure to contact us. Trade where you own the firm.

Look for the catch in easy credit elsewhere. Remember our costs are lower than others and we can save you money.

Remember our loan protection insurance at no cost to you.

Flyer mailed 10-6-59

Have you seen the 1960 autos? When you are ready to buy one of these models or a second-hand car, be sure to check with your Atlas Credit Union before

arranging for the financing elsewhere.

It will cost you less through your Atlas Credit Union, and you get the benefit of these extra advantages, too:

1. In the event of borrower's death or total disability before age 70—your Atlas Credit Union loan is paid in full at no cost to you. The credit union carries this loan protection as an extra service to members.

2. We offer convenient terms to fit your budget.

3. No hidden charges or extra cost. Our interest rates are plainly stated below.

4. Completely confidential handling.

5. Prompt, friendly service. No fuss or bother because it is your credit union, organized and operated only for the benefit of its members.

Do you have several small monthly payments to make elsewhere? Why not save time and money—let us consolidate them into one small monthly payment.

Special letter 11-12-59

The Atlas Credit Union is happy to invite increased share deposits from all of its members. No limit on deposits other than the \$5,000 maximum per account.

As you know, it was necessary for your Board of Directors to place a share limit of \$10.00 per pay in effect from February 9, 1959 to September 7, 1959 because of the operating condition and outlook of your credit union during that time.

We were pleased when things improved to the point where this restriction could be removed beginning with September 8, 1959. From all indications at the present time, we will need the members' constant help deposit-wise if we wish to continue to serve the members to the utmost and see their credit union grow as it should.

Your Board has several sworn duties to uphold. These two are the most important: 1. Protect the shareholders' money, and, 2. Offer every service possible to the entire membership. To help carry out these aims, your savings are protected to the fullest possible extent . . .

To the best of our knowledge at the present time we will be able to offer you an excellent return on your savings in the future. Again we invite you to save and borrow where you own the organization you are dealing with.

Remember this—you are more than "just members" of the Atlas Credit Union, you are its owners and the only reason for its existence.

Letter of 12-30-59

"A Short Sermon."

We would laugh at an "out to lunch" sign on a restaurant door. As Standard employees, we own a credit union—do we go out to save or finance?

For example, why join a Christmas Club and let a bank use your money interest-free? Deposit regularly at Atlas where you will draw dividends. You may borrow the amount you need at any time. Then, after leaving your savings in through the dividend-qualifying date of December 31, withdraw the necessary amount from your savings and use it to pay off your loan. Your dividend will be greater than the cost of paying interest.

What is a credit union? We believe our credit union philosophy is basically better than the "loan shark" type of financial enterprise which credit unions were founded to replace. We believe a person can improve living and financial standards with a minimum of intervention by others. Here are some questions and answers to better acquaint you with credit union fundamentals:

Q. What is a credit union? A. A non-

profit organization to encourage thrift and lend at moderate interest.

Q. What are credit union goals? A. To educate members in the wise use of cash and credit; eliminate usury.

Q. How much may I deposit? A. Any amount up to the \$5,000 maximum per account.

Q. Do credit unions have adequate safeguards? A. Yes. Governed by law and examined by government auditors. Insurance on savings and loans. Atlas also carries 100 percent bond on officers, directors and employees.

Q. What kind of loans do credit unions commonly make? A. Personal or family emergencies; self-improvement.

Q. How much may be borrowed? A. \$5,000 limit under Illinois law.

Q. What security is required? A. Character is primary. \$500 loaned on signature. Collateral or co-signer required for larger amounts.

The loan repayment tables used have not been reproduced here because they are peculiar to Illinois, where the law establishes a rate of 1 percent per month on the first \$1,000 and $\frac{1}{2}$ of 1 percent on amounts above \$1,000. However, Atlas has used these tables consistently, sometimes with costs tabulated alongside in italics, parenthesis or red ink.

HAWAII LEAGUE

Affiliation was Built up by Using Volunteer Committees Rather than the Staff

(Continued from page 19)

then forwards the proposed budget to all chapters for their information. Comments a League director: "We save a great deal of time at our annual meetings by giving our advance budget to the chapters for discussion. In addition, this gesture of good will is much appreciated by our chapter officers. They, in turn, help our League by keeping their memberships informed."

Dues

Hawaii has changed its dues formula almost annually during recent years. The 1959 dues were 2.525 percent of the credit union's net income plus CUNA dues of 8 cents per member. This percentage figure was based on the total net earnings of all member credit unions for the calendar year 1958, divided by the total amount of the agreed League budget. The 1959 schedule grossed \$54,739, plus CUNA dues. The League's proposed 1960-61 budget (April 1 through March 31) anticipates an income of \$58,852.50 plus CUNA dues.

Staff

The League's office staff consists of the managing director, one fieldman, a secretary and a part-time employee. It shares the services of its office manager and a clerk with Hawaii Central FCU, paying three-sevenths of their salary. The League also assumes the full burden of rent and postage for both organizations. Total League office space at present—including the part used now by Central FCU—slightly exceeds 1,000 square feet.

To relieve its crowded office situa-

tion, the League is now considering the acquisition of a site to construct its own building. It has set aside some \$32,000 as a building fund.

Problems

Three problems are uppermost in the mind of the League's board—dues, education and communications.

● **Dues schedule.** In the past, Hawaii has changed its dues schedule frequently. "This creates a good deal of confusion," Frank Kahookole reports. "But as yet we have not been able to find a dues schedule formula which all member credit unions consider fair, adequate and equitable. That's why we have changed our schedule almost every year." The League is now trying to develop a schedule which allows for growth and can be used for several years.

● **Director education.** "Each year following our annual meetings," Frank Kahookole reports, "we find that we have a large number of new and inexperienced board members. Our problem is to motivate these new directors to spend the time and effort to inform themselves fully about their credit union duties and responsibilities. We try to help these new boards by scheduling as many educational sessions as possible for the directors of each group. It's our policy to ask all board members to let us know when they expect to have a light schedule for their monthly meetings so that our staff can try to be present."

Continues Kahookole, "But our problems in the area of director education are not limited to new board members. We also find it difficult to obtain full director cooperation in

reading all news letters and bulletins. This applies to both old and new board members."

● **Member education.** This problem also hinges on the League's ability to encourage the directors of each individual credit union to know their duties and be willing to educate their members. To boost the members' education, both the League board and staff try to attend as many annual meetings as possible. At these meetings they discuss and clarify the topics on which the local membership needs more information.

Hawaii's educational problems—both on the board and member levels—are intensified by the League's distance from CUNA and the mainland, managing director Kahookole says. "Participation in CUNA's fieldmen's training and management training sessions is very costly for us. We also find it difficult to send enough present and prospective leaders to Madison for instruction at the CUNA School for Credit Union Personnel. To send a single person to Madison for the two-week summer session costs some \$700 to \$800."

● **Communications.** The high cost of telephone calls between the islands complicates communications between the League and credit unions located outside of Oahu. Comments Kahookole, "These charges discourage the use of the telephone on all matters except the most urgent ones. Of course, our credit unions on Oahu do not have this problem. But more than a third of our groups are located on outlying islands. To economize, they tell us about their problems in writing. Or they hold their questions until our next visit. This is not always too satisfactory."

Affiliation

Hawaii is one of the few states in which every credit union is affiliated with the League. The League views this accomplishment with pride. Says League president Peter T. Hirata: "The advantage of 100 percent League affiliation is that we now can say that our League speaks for all of the state's 161 credit unions. This strengthens our position in the eyes of the public. It also distributes the dues load more equitably because formerly the non-member groups were obtaining indirect benefits without paying for them."

How was Hawaii able to obtain

how the CUNA Insurance Services Department serves the credit union movement...

We conduct research

Through a continuing program we study the various types of casualty insurance needed by leagues and credit unions.



We counsel

Guided by experience, we counsel with leagues and credit unions on insurance problems arising from their regulatory and corporate liability requirements.



We provide procurement service

When any coverage is considered necessary and desirable, CUNA Insurance Services Department negotiates the needed procurement facilities. In addition, it acts as liaison between CUNA, the leagues, the supervisory agencies, and the carriers.



The Loss Prevention Program

Working in cooperation with your league, the CUNA Insurance Services Department conducts a loss prevention program for your benefit. Full-time specialists are available for league and chapter sessions, as well as individual credit union surveys when time permits.

Helpful Literature Available

You may obtain literature on credit union coverages free of charge. When ordering, be sure to state purpose and intended distribution.

THESE COVERAGES ARE NOW AVAILABLE

the coverage	what it provides
CUNA BONDING SERVICE	Makes bond coverage available to credit unions in the United States, its territories, and Canada. The 576 Credit Union Blanket Bond provides a maximum amount of coverage at minimum cost.
AUTO INSURANCE	Auto coverage at reasonable cost helps credit unions in making auto loans. Special policy provisions safeguard the interests of the credit union and the member.
CHattel LIEN NON-FILING INSURANCE	Enables the credit union to avoid the time and trouble of filing chattel mortgages. Protects credit union against loss due solely to failure to record an eligible chattel mortgage.
GROUP ACCIDENT INSURANCE	Protects volunteer directors and committeemen of leagues and credit unions in case of accident during performance of their official credit union duties.
GROUP TRAVEL ACCIDENT INSURANCE	Provides low-cost coverage for full-time employees of CUNA, CUNA Supply Cooperative, and leagues. Can also be extended to directors of participating leagues.
GENERAL LIABILITY (O.L. and T.)	Covers the credit union against liability pertaining to the premises it occupies, or to the normal performance of its business functions. Coverage includes bodily injury sustained on premises, and food poisoning. Also available: "Non-ownership" and "repossessed" auto coverage.
WORKMEN'S COMPENSATION INSURANCE	Provides for all compensation and other benefits required of the insured by the Workmen's Compensation Law for injuries arising out of and in the course of employment.

CUNA Insurance SERVICES DEPARTMENT

MADISON, WIS. • HAMILTON, ONT.

UNDERWRITTEN BY EMPLOYERS MUTUALS OF WAUSAU



100 percent League affiliation? "We created a special committee," Peter Hirata recalls. "Until 1957 we had five credit unions outside of the League. To show them the advantages of League membership, we developed a League membership committee. It consisted of volunteers from various member credit unions, including a representation from groups which had joined the League only recently. The members of this committee paid informal visits to the non-member boards. And we are glad to report that after a number of visits, the

boards of these non-member credit unions recognized the benefits of affiliation with the credit union movement."

Adds Hirata, "There was a good reason why we selected a committee of volunteers for this League membership work rather than leaving it entirely in the hands of our League staff. We felt that the non-member groups would look upon our staff as having a personal interest in added dues income. And we found that it was easier for the volunteer directors to gain the confidence of the non-member boards."

HOUSING PROJECTS

The people are inexperienced and have no idea of the rates they are paying

(Continued from page 9)

low income families' special needs.

- No savings bank existed in East Harlem (population over 200,000)—not even a children's school bank program in the public schools such as exists in other areas of New York City.

- A query put to the Better Business Bureau and the Attorney General's office brought forth the information that virtually no consumer complaints had been received from East Harlem, although it seemed certain that abuses were as prevalent there as in other parts of the city.

It became apparent to the settlement workers that little knowledge of the dimensions of the problem existed, even less about how to tackle it. Out of this awareness grew plans to establish the Consumer Study and Action Program.

Mrs. Ruth Tefferteller, social worker at Henry Street Settlement, recounts the case of a typical Puerto Rican family living in one of the lower East Side projects. The Garcias first attracted the attention of settlement house workers when, with a weekly income of \$52, they were paying out \$30 for installments on furniture which rapidly wore out, a washing machine and a TV set bought at a 100 per cent markup.

Since he did not have enough to pay off both rent and installments, Mr. Garcia was constantly worried, and because of pressure from creditors, the Garcias were often late in their rent payments. But this family was lucky; they were able to call upon the resources of the Henry Street Settlement Credit Union, consolidate their debts and reduce their monthly obligations to an amount they could handle.

A preliminary investigation by the Consumer Study and Action Program suggested that a high percentage of project tenants succumb to the sales pitch of the door-to-door peddler. Every one of nine families studied had bought from peddlers at one time or another. Only one of these families had been able to break away from the habit of installment buying. None of them had any idea of the true rates of interest they were paying. They seemed to be more concerned with the size of monthly payments than with the carrying charge. Three of the families not on welfare had been forced to obtain consolidation loans. Three of them were in debt to finance companies and were only vaguely aware that they were paying a high rate of interest. Most credit buying was for durable goods — washing machines, television sets, vacuums and sewing machines.

Sewing machine fraud

Fraudulent practices among peddlers and shopkeepers in the project neighborhoods are rampant. In one case, a woman was called by a local sewing machine dealer and told that she had won a \$50 discount on a sewing machine and that she could have it for only \$200. She was so entranced with the demonstration at her apartment that she insisted the salesman leave the demonstration model, fearing that another one would not perform as well. The regular retail price of the machine was \$60.

A Negro woman, separated from her husband and supporting three children on a monthly welfare check, told of an unpleasant experience with a local furniture dealer: "I went to the store to look at some bunk beds

I had seen advertised in the papers. When I got to the store the beds didn't look like the picture had in the ad. They showed me a more expensive bed. I told them I was on welfare and they told me to put \$8 down and pay \$4 per week. Within six months the springs had fallen in in the middle, and the ladder came apart and the railing on the top bunk came off. I told them to fix it but they couldn't do anything about it. The beds cost \$79 to begin with, and by this time I had paid about \$50 on them. But because of carrying charges and things like that the final cost of the beds came to \$124. They told me I still owed them \$70 after I had paid \$50 and the beds had fallen apart. So I stopped paying them. I still get letters from them every now and then and I do send them something occasionally because I don't like the idea of owing money."

Very often peddlers visit prospective tenants before they have moved into the project. Some will deal only with those on welfare or those who receive monthly allotment checks from sons in the service. Sometimes men dressed in what appear to be maintenance department uniforms, come in and install kitchen cabinets, and have the tenants sign for them. Later the tenants receive a bill from a finance company. The paper they signed unsuspectingly was a sales contract.

Dazzling luxuries

Frequently those who get bilked are aware of what is being done to them but the price they pay seems immaterial when they realize they can have luxuries and comforts they have never before possessed by merely signing on the dotted line.

At some of the housing projects low-cost milk is obtainable through a facility set up by the housing authority itself. But because the commercial door-to-door delivery service will allow them as much as \$30 credit, tenants are willing to pay 7 cents more per quart.

There are no credit unions serving these project residents specifically or exclusively, though the combined population of New York's housing developments is rapidly approaching the half-million mark. Union Settlement Federal, chartered in 1957, was first intended as a facility for settlement house workers. Today, with assets of \$6,400 and 99 members, this credit union has broadened its scope to include project residents who are active in the settlement house program. Twenty-one of its members are project residents.

First Spanish Evangelical Church Federal with assets of \$40,000 and East Harlem Parish, assets \$4,700, in-



BURROUGHS ELECTRONIC ACCOUNTING MACHINES INCREASE TRIAL BALANCE ACCURACY 100%

The scene: The trim, modern offices of Detroit, Michigan's Telephone Employees Credit Union. **The job:** Serving 12,000 telephone employees, 9,000 of whom are on weekly payroll deduction. **The equipment:** Two Burroughs F-4224 Electronic Accounting Machines and a Burroughs Automatic Reader. **The results:** "In operation only three months, and already our Burroughs equipment has increased trial balance accuracy 100%," says Manager Henry W. Warren. "Based on investigation before we bought and judging from results so far, we're certain of substantial time and money savings, too. For example, we're predicting a 50% drop in direct operating costs."



H. W. Warren

L. B. Ebaugh

Burroughs-TM

Why not put the advantages of Burroughs office automation equipment to work for your credit union, too? For details, action—and results—call our branch. Or write Burroughs Corporation, Burroughs Division, Detroit 32, Michigan.



**Burroughs
Corporation**

"NEW DIMENSIONS / in electronics and data processing systems"

clude a small number of project residents. These three groups provide the only credit union facility in east Harlem—population near a quarter million.

Henry Street Settlement Credit union, located on the lower east side, is a community credit union with \$336,000 assets. It was organized in the 30's when the neighborhood was predominantly Jewish. Today the population is mainly Puerto Rican and Negro. But the board and committees continue to be made up of the "old guard" who have since moved to

Brooklyn, the Bronx, Queens and other parts of the city. As the community has changed the credit union assets have shown a decrease.

According to Jack Landau, president of Henry Street Settlement Credit Union, one of the biggest problems facing them is how to reach the Puerto Ricans who have flooded into the neighborhood in just the past five years. "The only way to make membership grow," says Landau, "is to work closely with the people, and this has to be followed up by a continuous education program. The biggest bar

to membership growth among the Puerto Ricans in the housing projects is that imposed by the differences in language and culture."

Remarkd another credit union officer, "The Puerto Ricans don't understand us and we don't understand them."

Some interest has been shown among settlement house workers in the establishment of credit unions for project residents, but no positive steps have yet been taken.

Sidney Blitz, educational director for the New York League, is hopeful that results of the Consumer Study and Action Program will lead to the establishment of credit unions at each of New York's forty-odd housing projects. Currently the League is sponsoring a study club to train key men in twenty Catholic parishes which are predominantly Spanish-speaking, with the hope of establishing a credit union in each one. A settlement house official states, however, that "the lack of continuity in Puerto Rican life in New York City is apparent in the nominal type of church membership. This type of membership," he says, "does not favor the parish credit union."

New York lawmakers have provided the state with up-to-date legislation for the protection of the consumer. But much of the problem in New York City is to inform the large minority group—newly arrived Puerto Ricans and southern Negroes—of their rights. The establishment of credit unions in the housing projects may provide an important step toward providing the badly needed consumer education.



remember these points when you audit your members' accounts or passbooks

When you conduct a thorough account verification, you're helping to safeguard your members' funds. Keep these practical suggestions in mind:



● Be sure that your verification covers all accounts, including active accounts, inactive accounts, closed accounts, deceased accounts, and charged off loan accounts. It's advisable to contact everyone in the field of membership, whether he is recorded as a member or not.



● Your supervisory, examining, or auditing committee should handle all details of the audit of members' accounts. Members of the credit union staff should not be allowed to take any part.



● Avoid using company mail for the passbook audit. Instead, use regular mail. Have cards or envelopes returned to a member of the committee at his home, or at a private post office box—never to the credit union.

Your credit union can secure bond coverage with a maximum limit equal to the total assets of the credit union, not in excess of \$1,000,000 (or \$2,000,000 optional bond coverage if total assets are \$1,000,001 or more). Compare this with your present bonding protection, and request complete details now.

WRITE FOR 576 BONDING FOLDER



**CUNA Insurance Services
BONDING**

MADISON, WISCONSIN • HAMILTON, ONTARIO

IN THE MAIL

What about those policies?

To the Editor:

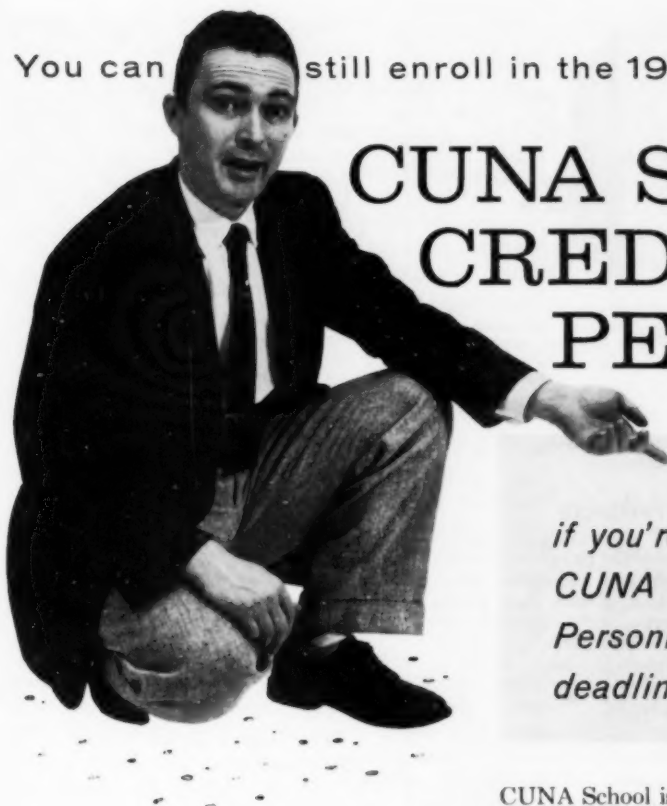
One of the useful tools for keeping our credit union on the beam in maintaining its identity as an organization living in the financial world but not of it, has been a statement entitled The Policies of CUNA, which it is stated were adopted by the national directors of the Credit Union National Association as amended in May 1958.

My list consists of 26 stated policies for the guidance of credit union organizations at all levels, from the national board down through the individual credit union.

I assume that these policies were adopted only after long experience by men and women dedicated to

You can still enroll in the 1960

CUNA SCHOOL for CREDIT UNION PERSONNEL



*Don't delay another day
if you're planning to attend the
CUNA School for Credit Union
Personnel. The June 1 application
deadline is approaching fast.*

Students will live and eat in
Wisconsin's newest and finest
dormitory, Chadbourne Hall.



CUNA School is your opportunity to invest in your future in the credit union movement. Its three-year course is designed to help you personally, regardless of your type of credit union.

Spend two weeks for three summers at the University of Wisconsin, studying with college professors, faculty members, and fellow students. In addition to the practical credit union information you'll receive, you'll survey such fields as human relations, communications, management, economics, and psychology.

You will live and attend classes in the most comfortable new buildings on the campus, located on the "downtown" side. After school, enjoy Madison and its famous lakes.

The tuition fee of \$160 per session covers classwork, room and board. Write for complete details now, and make application by June 1.

MAIL THIS COUPON NOW FOR COMPLETE DETAILS

CUNA Education Department
CREDIT UNION NATIONAL ASSOCIATION
Box 431, Madison, Wisconsin

5-60

NAME _____

CREDIT UNION _____

ADDRESS _____

Keeping Posted

ON CUNA SERVICES



The CUNA program and services are planned on the basis of consultation between League officers and staff, national board and committee members and CUNA staff. The basic purpose of the CUNA program is to support, supplement and strengthen League programs. Most CUNA services are available through League offices; some are available directly.

ADVERTISING AND PROMOTION

CUNA services directory is now in final stages of production for PR dept. It will reach all credit unions during July. Other items in various stages of preparation include publicity pieces of credit unions in District of Columbia, Idaho, Michigan and Wisconsin; 14 pieces for CUNA Supply; and more than two score projects for the May meeting of the CUNA board. (Phil Davies, director.)

EDUCATION

Plans have been completed for the bi-annual training conference for education specialists in Madison, Wisconsin (June 5 through 10). The conference is co-sponsored by the CUNA Education Department and the University of Wisconsin. Its program is designed for League education directors, training directors, fieldmen assigned to education or training and volunteers in charge of educational activities under League sponsorship. (John Bigger, director.)

RESEARCH, ECONOMICS AND STATISTICS

The department is completing the preliminary estimates for the 1960 CUNA Yearbook. (Walter Polner, director.)

WORLD EXTENSION

Staff and Leagues are planning a trainee program for the next 12 months. Trainees from Africa, Ireland, Latin America and possibly Asia will participate. Expenses of some trainees will be financed by CUNA and Leagues; others receive financial support from national and international agencies such as the Colombo Plan and ICA. Also in the planning stage are two major conferences in Latin America. They will take place in the Caribbean (September

and in Venezuela (October). (Olaf Spetland, director.)

SPECIAL PROJECTS

A two-week round of chapter sessions in Minnesota this month will be the first full-scale field test of the department's development work sheet. During the same period, staff is planning a series of conferences with large credit unions concerning their potential, growth and development. (Kent Francis, director.)

PUBLIC RELATIONS

The department will participate in seven regional training conferences sponsored by CUNA's Education Department. Some 125,000 Credit Union Day posters will be ready in June. The following reprints are available without charge from CUNA's Public Relations Department: "Any way you look at it," and "Personnel men look at credit unions." (Warren Lutey, director.)

INSURANCE SERVICES

Staff has completed research for an insurance guide which will be published soon. This guide discusses and explains each type of coverage. Substantial improvements in the Group Accident insurance for volunteer directors became effective April 1. (Stan Harris, director.)

REPORTS

The annual reports of CUNA and CUNA Supply will be available through League offices to all credit unions on or about May 1.

CREDIT UNION BRIDGE

Reprints of the article "The Credit Union Tax Position" from the February issue are available at 5 cents each. (Dick Giles, editor.)

EXECUTIVE

The executive offices of the Credit Union National Association are located in Madison, Wisconsin, and Hamilton, Ontario. Vance Austin is managing director, Orrin Shippe is assistant managing director and John Brady is comptroller, all in Madison. Bob Ingram is Canadian manager in Hamilton. The Washington office is under the direction of Hubert Rhodes.

credit union philosophy, and further assume they have come to some agreement on its principles.

Frankly, however, I am becoming quite disillusioned. During the past few weeks a score of credit union annual meeting reports have been received, most of which indicate in some manner the degree of adherence to The Policies of CUNA.

It is most disturbing to note the number of occasions when the policies have been violated or ignored.

Now this poses some important questions that should be resolved, if we are to retain our identity as credit unions. I am sure that all of the officers who have adopted policies at variance with those of CUNA have justified their action with reasons satisfactory to themselves.

But, if this sets the pattern, should not the national policies themselves be questioned as to their value?

As examples, I should like to suggest the following questions as begging for answers:

With respect to policy number 4, which states that an interest rate of 1 percent per month should be charged on *all loans*, or if reduced, the rate should still be the same for *all loans*: Is this really sound business practice, or cannot credit unions render good loan service without discrimination? Are the assumptions which credit unions make as a basis for charging variable interest rates justified on the basis of credit union philosophy or scientifically measured accurate tests of conditions in their own areas?

With respect to policy number 5, which states that all credit unions should pay dividends in conformity with current rates of interest on *similar types of saving*: What is the place of dividends in a credit union? That is, is it the *purpose* of a credit union to pay any dividend? Does the credit union have any obligation as such to pay a dividend? If so, what is its nature?

Further, what actual influence does a credit union dividend have in influencing its members to save regularly out of income? As a scientifically measured estimate, not a guess?

Again, is it either necessary or good sound business practice for a credit union to return a dividend larger than its competitors for similar type sav-

(Continued on page 32)

THE BIG ISSUE

McDonald states CUNA Mutual position

(Continued from page 3)

authority of the board to choose its own advisors on matters for which it is responsible.

(d) As to the policyowners' representatives program, it is understandable that initially the program caused concern to be sure that it was not overlapping nor perhaps usurping some of the organizational channels properly belonging to CUNA. We shared this concern, and directed much thought to it. As finally set up the program incorporated suggestions from both the advisory committee and the league managing directors, and is approved by the CUNA executive committee and by 49 leagues representing 89 per cent of our policyowners which have adopted the program. These leagues have without exception found it to be a valuable part of the league program. Certainly the extent to which CUNA Mutual has gone to obtain democratic two-way communication with its policyowners is unique among mutual insurance companies, and is something of which we can be mighty proud. The program has resulted in retained contracts, increased use of CUNA Mutual loan protection and life savings services and increased understanding of the democratic control of CUNA Mutual Insurance Society. Here Mr. Stone seems to be out of step with the great majority of the credit union movement.

(e) It is not correct to say that the decision has been made by CUNA Mutual to add certain field men on a commission basis. At its February 1960 meeting the Board approved an experimental individual life sales program which included the hiring of an additional six men to be remunerated on an incentive basis. The distinction between incentive basis and commission basis is not just a play on words. We are trying to develop incentives based on maximum service to the credit union member, not just maximum cash premiums received, but which do spur our men to bend their best efforts to promote the use of CUNA Mutual's individual life program. Surely as a movement, we have no reason to be proud of the very slight success we have had so far in bringing our outstanding individual life program to our people. New efforts and approaches are certainly in order. Actually the unique part of our present experiment is not so much that incentives will be provided. Remuneration for most jobs, specially responsible ones, incorporate incentive provisions of some sort. In this experiment the unique provision is that the men will spend their time in the individual life field and their progress will depend upon how well they promote the use of CUNA Mutual individual life insurance.

Q In discussing the matter of a new casualty company, did the CUNA Mutual board consider the possible legislative and public relations effects of such a step? What conclusions were reached?

A We have considered both the legislative and public relations effects. The laws of Wisconsin and of almost all states will permit us to organize the company, and we see no difficulty in obtaining licenses in these states when we meet the capital and surplus requirements. Our relations with insurance supervisory agencies are excellent, and our existing prestige in and out of the industry will no doubt be enhanced as we extend our services. It is the trend to combine life and casualty operations as we propose to do,

because of the obvious increase in stability and benefits involved.

On the other hand, if CUNA were to organize a stock company the public relations problem would be extremely great.

As for our relations with other insurance companies, it has long been recognized that the insurance industry is quite competitive both in the property and casualty and in the life insurance fields. There will be little or no criticism as competition is readily accepted in the free insurance market. In a democracy free enterprise endorses competition because it benefits the consumer.

However, if there were criticism I doubt that it should deter us, or that it would have deterred our founders, when they were faced, as we are now faced, with the fact that credit unions and their members have an important need which they can best fill through their own insurance company.

Q It is generally understood that under the Wisconsin insurance laws, CUNA Mutual has a primary obligation to its policyholders. In your opinion, would this obligation interfere with submitting proposals for new policies or programs to the Leagues and CUNA for discussion?

A Our obligation to our policyowners is to serve their best interest in the insurance field. This involves a constant study of potential new policies and programs which is time and labor consuming. We inform the Leagues and CUNA of all proposed policies and programs at the same time we inform our policyowners, and we welcome discussion and suggestions, but we do not ask or expect CUNA to duplicate our deliberations nor to share in the responsibility for decisions that are ours to make. This would be a waste of time and of the movement's leadership resources. There are plenty of problems to tax the time and ability of all of us, and CUNA and CUNA Mutual should both respect the confidence the movement has placed in both of us to solve our respective problems in the best interest of credit unions and their members.

Specifically, therefore, I do feel that the practice of "submitting" CUNA Mutual programs and proposals to Leagues and CUNA for discussion, if by discussion is meant substantial study and deliberation, would be an abdication of our own responsibility, would tend to delay unduly important action in many instances, and would indeed interfere with the fulfillment of our obligation to our policyowners.

In this regard, the following official statement of the relationship between CUNA and CUNA Mutual might well be studied by the present CUNA executive committee. It is an excerpt from the verbatim record of the meeting of the executive committee of the Credit Union National Association, held May 12, 1945:

"MR. EIDAM: I move the adoption of the following resolution:

"WHEREAS, CUNA Mutual Insurance Society has filed application to qualify under the insurance laws of the State of Massachusetts, and

"WHEREAS, In the consideration of this application the Commissioner of Insurance of the State of Massachusetts has questioned the relationship existing between CUNA Mutual Insurance Society and Credit Union National Association and the inter-related spheres of influence and operations of these two organizations, now, there-

fore, in order to restate the policies of inter-related operations which are presently pursued and will continue to be pursued by the two corporations, it is

"RESOLVED, (a) CUNA Mutual Insurance Society operates under the direct management of its Board of Directors, which Board has the sole responsibility for the direction and control of the affairs of the CUNA Mutual Insurance Society without interference or domination by any other interests, individuals or corporations.

"(b) That Credit Union National Association through its operations coordinates general credit union activities throughout the United States, its territories, and Canadian affiliates.

"(c) Credit Union National Association in all its relationships with CUNA Mutual Insurance Society is intended and does assist CUNA Mutual Insurance Society by bringing to the Society a comprehensive understanding of the desires and requirements of credit unions and their members in the life insurance field. This enables CUNA Mutual Insurance Society to better fulfill its objectives and the services which it is designed to render to its policyholders in keeping with proper insurance practices.

"(d) That neither the directors nor officers of CUNA Mutual Insurance Society are empowered to in any way control or dominate or direct the affairs and activities of Credit Union National Association; and likewise neither the Executive Committee nor officers of Credit Union National Association are empowered to in any way control or dominate or direct the affairs and activities of CUNA Mutual Insurance Society. That where joint employment is made of any individuals by both corporations, such employment is created and maintained only for the purposes of effecting economies in operation and producing more efficient cooperation between the two corporations and not to result in or effect domination of one corporation by the other.

"This is to certify that the foregoing resolution was unanimously adopted at a meeting of the Board of Directors of CUNA Mutual Insurance Society held at Madison, Wisconsin, on May 12, 1945.

"Signed, Edward L. Shanney, President.

Attest: Joseph S. DeRamus.

"This is to certify that the foregoing resolution was unanimously adopted at a meeting of the Executive Committee of the Credit Union National Association held at Madison, Wisconsin, on May 12, 1945.

"Signed, R. A. West, President.

"Attest: C. W. McKeever, Acting Secretary."

Q To what extent do you think it might have been possible to avoid these controversies if CUNA Mutual had been set up from the start as a stock company owned by CUNA or the Leagues?

A This is a moot question. There is no reason nor excuse for the controversy. It is kept alive, apparently, for political reasons. It serves to distract attention from the job that should be done by CUNA. Even if the CUNA executive committee itself were the CUNA Mutual board, the CUNA national directors would be in disagreement with the executive committee's position on CUNA Mutual programs and services, which are dictated both by sound business considerations and by sound credit union service philosophy.

Q Has Cuna Mutual ever made any study of the

relationships existing between other mutual insurance companies and their parent organizations, such as fraternal and church groups? Is there evidence that such relationships can be maintained on a harmonious basis?

A I can't say that we have made any study of such relationships. I can say that, given the fact that the parent credit union movement now has the great resources of the CUNA Mutual Insurance Society at its service, I am sure that the movement will not easily give up its determination to retain this great resource at its service, on a harmonious basis.

Q Last year two Leagues—Oregon and Michigan—developed insurance programs which they offer as alternatives to credit unions in their areas. They said they did this because of demand among their member credit unions. Do you think they should not have done this? What should they have done?

A Since the member credit unions make up the leagues, if they demand an action the action must be taken. It is notable, however, that the great majority of credit unions in both Michigan and Oregon are still CUNA Mutual policyowners. I doubt if very many of them really want to undermine or give up the great resources they have helped to build up through their own credit union insurance company, or the great potential for the future offered by their own company with its great spread of coverage throughout the movement.

The Michigan and Oregon Leagues broke a 25-year mutual tradition by their action and the CUNA executive committee apparently agrees with them. (The two leagues are not providing either better insurance or insurance at lower cost.) At its annual meeting in 1959 CUNA national directors left no doubt that they did not approve the actions of Michigan and Oregon, nor the failure of the CUNA executive committee to exert its influence toward preventing those actions.

We would be naive if we did not recognize that the "demands" of the people often come from the nature of their leadership. It seems obvious to me that for reasons which I cannot understand the leadership in these two states as well as in the CUNA executive committee has directed its influence toward surrender of present and potential benefits the movement receives and will receive from CUNA Mutual. I have no fear that the movement as a whole will succumb to any such unstatesmanlike influences, which could be of benefit only to our competitors, who understandably yearn for credit union business.

Q This year two Leagues—Ohio and New York—have threatened to withdraw from the Credit Union National Association if it takes steps to set up either a new life insurance company or a new casualty insurance company. What is your comment on this?

A This can be considered in the same category as the threat made by Mr. Stone—to start another life insurance company to serve credit unions with loan protection and life savings insurance. Personally I don't like threats. However, if Mr. Stone's threat is carried through, then he should not be critical in turn of Ohio and New York. Possibly the threats and even dictatorial attitudes of the CUNA executive committee is the cause of most of our problems, as I have indicated in my answer to the first question.

Q At its November 1959 meeting the CUNA Mutual board voted to amend its bylaws to change from "must" to "may" the provision in reference to Area Meeting voting representatives being CUNA national directors. This was done in order that CUNA Mutual might be licensed in the State of Kansas, but it was done over the protests of the Kansas League and of the CUNA executive committee. What is your comment on this?

A CUNA Mutual's decision to seek a license was made at the request of the Kansas League because of a rumor (later substantiated) that the Kansas insurance commissioner was arranging to send policyowner credit unions in Kansas "a bill for 4 percent of the premiums they have paid CUNA Mutual," because CUNA Mutual was not licensed in Kansas.

It developed that to obtain a license in Kansas CUNA Mutual would be required to remove the bylaws provision that area meeting voting representatives be CUNA national directors, although we might continue to require that alternate voting representatives be CUNA national directors.

The Kansas Insurance Department remained firm through lengthy negotiations in its position "that all persons who are policyholders are also members of the company and entitled to a voice in its management," and that control should not be determined by membership in some organization outside of the insurance society.

The CUNA Mutual board felt it had no choice, in the interests of its Kansas policyowner credit unions, and all policyowners, but to amend its bylaws as requested and become licensed in Kansas. This it did, with the under-

standing that if the policyowners did not approve the bylaws amendment the license would be withdrawn.

In regard to the board decision these considerations are particularly notable:

(a) The amendment merely makes it permissive instead of mandatory that a national director be a voting representative of the Society. There is little chance that other than a national director would be elected, first because of his established position as a league leader, and second because the policyowners would not have to make special provision for his expenses to the biennial election meeting, since he would also be traveling to Madison as a CUNA national director, and his expenses would be paid in that capacity.

(b) The slight, and I may say quite theoretical, danger presented by the amendment, is far outweighed by the serious dangers faced if the amendment were not adopted. The policyowner credit unions might face a heavy penalty tax, on past as well as future premiums paid. The persuasive reasonableness of the Kansas commissioner's position makes it quite unlikely that the Kansas legislature would pass special legislation reversing the position of the commissioner in 1961 or later. The chance is much greater that this position will spread to other states.

Again, I cannot understand why the CUNA executive committee persists in condemning the CUNA Mutual board for taking action dictated by careful analysis of the facts in the interest of policyowners. Are the national directors concerned that they will not be selected as voting representatives from their own areas? Concerned to the extent that they are willing to sacrifice the insurance coverage of credit unions in Kansas, and very possibly elsewhere?

MRS. MATHERS

Never make the mistake of not having enough cash on hand for withdrawals, she warns

(Continued from page 15)

office. Wirth has authority to make unsecured loans up to \$400. He also may approve larger loans provided that the amount in excess of the signature loan limit is secured by unpledged shares. Comments one of Weyerhaeuser's directors, "Having a loan officer at such a convenient location has helped us to improve the efficiency of our loan service quite a bit. Now many of our members can get their loan checks within just a few minutes after applying at the office."

During an average week, the credit committeemen spend about 6 to 8 hours on visits to members' homes. Treasurer Mathers considers these home visits significant for her group's development. "I have always believed that if our committee could visit the members in their homes, it would be able to be of greater assistance to them and at the same time make more successful loans. Our board feels that since we started this policy some ten

years ago, we have improved our loan services, been less conservative, and made more funds available to more members. I think that our credit committee's work deserves much credit for our rapid growth during the past decade. And we are very glad that our loans exceed our shares much of the time."

● **Savings.** Two operational practices have helped substantially to encourage Weyerhaeuser's membership to save systematically: employing an adequate office staff so that someone is always free to discuss the need for savings; and planning to have sufficient funds available to meet both large and small withdrawal requests at all times.

The office staff should be sufficiently large so that someone can always take five minutes to talk to a member about his problems and the need for regular savings, Rose Mathers believes. But, she points out, it is not enough to convince the member of the need for sav-

ing. He wants to know that he can have his money whenever he wishes.

"There is nothing that discourages systematic savings more effectively than a waiting period before withdrawal funds are ready," says Mrs. Mathers. "Some ten years ago we did not plan and operate carefully enough to have adequate funds on hand. The effect was simply disastrous. For some time afterwards our members were afraid of putting their money into the credit union."

"We think that we have taken some important steps in the right direction," Rose Mathers sums up. "Our efforts at director and committee education are bringing good results. And our belief in including the entire family in our educational program is also bearing fruit. But although we are now serving over 95 percent of our potential membership, we still have far to go before we can feel satisfied that we have done all that we could and should do for our members. In addition, we realize that both member education and delinquency are problems which require constant and continuous follow-up."

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IN THE MAIL

(Continued from page 23)

ings (demand deposits)?

With respect to policy number 7, which states that investments of credit unions should be made in those areas wherein the credit union exerts some measure of control: Why is so large a proportion of credit union money invested in a concentrated group of savings and loan associations, many of them in fact private businesses? Is there no need for these funds for short term credit needs by the members in the credit unions which invest them?

I have proposed questions on only three of the 26 Policies of CUNA, but only because it seems these are so obviously an expression of our whole heritage. If the exceptions to them are more widely practiced than the principles, are the principles themselves valid?

If our objective is to become more like a bank, or a savings and loan association, why organize more credit unions, for we already have plenty of good banks and good savings and loan associations?

Please understand, I have no wish to criticize the hundreds of credit union officers who have adopted policies at variance with these national policies, but is it not at some point necessary to ask whether or not there is any good reason to try and follow them any longer when actions contradict words?

In conclusion, it might be suggested that a factual study of the circumstances respecting these matters, and the actual reasons given on which they may or may not be justified,

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could prove eminently useful to all credit union people charged with the responsibility for setting policies.

Donald J. MacKinnon
Dearborn, Michigan

COMING EVENTS

May 4-8—Annual conference and business meeting, **National Association of Managing Directors**, Gateway Hotel, Land O'Lakes, Wisconsin.

May 5-7—**Virginia Credit Union League** annual meeting, Hotel Chamberlin, Old Point Comfort.

May 6-8—**Hawaii Credit Union League** annual meeting, Waikiki Lau Yee Chai and Princess Kaiulani Hotel, Honolulu.

May 9-15—**CUNA and affiliates'** annual meetings, Loraine Hotel, Madison, Wisconsin.

May 11—10 a.m., **joint meeting**; 2 p.m., **CUNA Supply board**; 4 p.m., **Twelfth District meeting**.

May 12—9 a.m., **CUNA executive committee**; 1 p.m., **CUNA Supply membership meeting**;—New **CUNA Supply board**; 4 p.m., **dedication of new CUNA Mutual building**.

May 13—8 a.m., **CUNA Mutual board**; 10 a.m., **CUNA Mutual symposium**; 10 a.m. to 4 p.m., **CUNA Mutual polls open**; 2:15 p.m., **CUNA Mutual biennial general election meeting**.

May 14—9 a.m., **CUNA board**.

May 15—9 a.m., **CUNA board**;—New **CUNA executive committee**.

June 3-5—**New York State Credit Union League** annual meeting, Laurels Country Club, Sackett Lake, Monticello.

June 8-10—**Nova Scotia Credit Union League** annual meeting, Cornwallis Inn, Kentville.

June 10-11—**Washington Credit Union League** annual meeting, Monticello Hotel, Longview.

June 23-25—**British Columbia Credit Union League** annual meeting, Courtenay.

June 24-25—**Montana Credit Union League** annual meeting, Florence Hotel, Missoula.

September 9-10—**Wisconsin Credit Union League** annual meeting, Loraine Hotel, Madison.

September 15-17—**Florida Credit Union League** annual meeting, Deauville Hotel, Miami Beach.

September 30-October 1—**Indiana credit Union League** annual meeting, Claypool Hotel, Indianapolis.

October 28-29—**Kentucky Credit Union League** annual meeting, Sheraton-Seelbach Hotel, Louisville.

November 17-20—**Missouri Credit Union League** annual meeting, Hotel Muehlebach, Kansas City.

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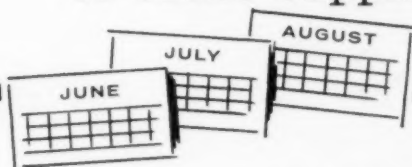
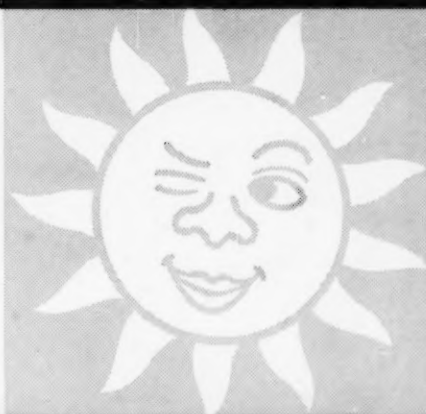
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POSITION WANTED: Treasurer-manager or assistant fulltime. Extensive accounting and financial management background. Last 3 years treasurer-manager of CU with \$750,000 assets. Resume on request. New Mexico or Arizona preferred, other areas considered. Write Box A71, Credit Union Bridge, Madison, Wis.

POSITION OPEN: Qualified credit union manager wanted. Applicants should have credit union experience and/or accounting background. Salary open. Write giving full details to Sheppard Air Force Base Federal Credit Union, Wichita Falls, Texas.

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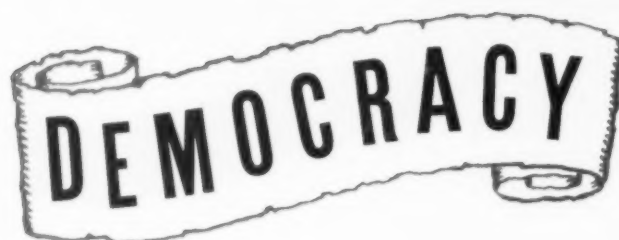
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In the past you have elected directors with many years of credit union experience whose constant purpose has been to build and serve the credit union movement. To retain this constant purpose and democratic control, it is important you continue to elect directors motivated by true credit union philosophy and ideals.

An election meeting will be held in your home area between March 24 and May 3 (you will be advised of the date). You are urged to exercise your voting power, either at your area meeting, or at the Biennial Election held in Madison Friday, May 13.

Only through you will CUNA Mutual continue to be a company that secures the liberties, properties and lives of credit union people.



CUNA MUTUAL INSURANCE SOCIETY

